



2017

SUSTAINABILITY
report

 **inpEV**

About this report

GRI **G4-28, G4-29, G4-30, G4-31, G4-32**

This report was written according to the guidelines of the Global Reporting Initiative (GRI), version G4, in accordance with the Essential option. The processes for determining the Materiality Matrix that guides the content are described at the end of the report. The chapters were named with the themes that emerged as the most relevant in this matrix, making it easier to identify where each one is being addressed.

The content encompasses information about inpEV and its six receiving units for the period starting on January 1 to December 31, 2017. The most recent preceding report refers to the same period of 2016. These reports are published on an annual basis.

In case of any questions, comments or suggestions about this report, please contact us by e-mail (faleconosco@inpev.org.br) or by the inpEV website (inpev.org.br/fale-conosco).

The Global Reporting Initiative (GRI)

An independent organization responsible for creating the most widely used sustainability reporting model around the world. According to the GRI, 93% of the 250 largest corporations in the world adopt their guidelines in reports of this type.

Cover photo:

The Ecoplástica® packages are manufactured by the Campo Limpo Plastic Recycling and Transformation S.A. since 2009. These were the first crop protection packages produced using recycled material to obtain UN certification for ground and maritime transportation of hazardous products.



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Message

from the CEO

GRI G4-1, G4-2

“Brazil, by means of the Campo Limpo System (SCL), continues to seek excellence in the environmentally correct destination of empty crop protection packaging”

inpEV (National Institute for Processing Empty Packages) is part of a huge system, of central importance to the country. Our performance reflects the capillarity of the Campo Limpo System (reverse logistics of empty crop protection packaging) and legal compliance, by focusing on the transportation and disposal of empty crop protection packaging and the reverse logistics of post-consumption leftovers. To prepare the System to expand its activities and be ready to receive post-consumption leftovers was in fact one of our main goals for 2017. We refined the studies carried out in preceding years, developed processes and procedures to be able to receive residual material, instructed the receiving units regarding these new activities, made adjustments to storage facilities in accordance with Conama Resolution 465/14 and updated environmental licenses. We managed to get the central receiving units of the System ready to receive leftovers, but

obtaining the necessary license for this operation still remains a challenge at some locations. As a result of this effort, 99 central and 50 outposts receiving units were ready to receive post-consumption waste by the end of 2017.

Our operations are consolidated, for which reason the legal authorities rely on our assistance for specific projects, such as the final disposal of obsolete pesticides carried out in partnership with the governments of the states of São Paulo and Paraná. In the same manner, other sectors see inpEV as a benchmark to start their own reverse logistics operations, in accordance with the National Policy on Solid Waste (PNRS).

Our performance is a world reference. We were the only non-governmental Brazilian organization to present our results at the Unea-3 Business Sym-



João Cesar M. Rando

CHIEF EXECUTIVE OFFICER

posium, an event promoted by the United Nations Environment Programme (Unep) in which companies showcase their actions and programs to reduce environmental damages.

Brazil, by means of the Campo Limpo System (SCL), continues to seek excellence in the environmentally correct destination of empty crop protection packaging. This System routes 94% of primary plastic packages (those in direct contact with products) sold in the country to environmentally appropriate disposal. Of this amount, 90% is recycled. These results are worthy of celebration.

Innovation is always our focus. We seek to continuously think of ways to improve our operations, thus making the Campo Limpo System follow the progress of the agricultural sector. We standardized the itinerant collection units with this vision, by bringing reverse logistics to farmers facing more difficulty to access physical units. In technological terms, we are expanding the Central Information System (SIC) to our outposts by means of a tool called the Outpost Information System (SIP). With this, the receiving process will become traceable starting with entry of empty packages at these units by electroni-

cally integrating information and allowing for swifter and more efficient management.

The leadership characteristics of the Institute, valuing team work, integrating the links in the agriculture chain and disseminating knowledge, have translated into one of inpEV's values, an integrating attitude, which works towards a greater good: preserving the environment. The way we think about managing the entire System revolves around this and the sustainability of our activities. We do not limit ourselves to removing empty crop protection packaging from the field, but we seek to carry out this mission in order to minimize environmental impacts, reduce costs and capture value for the System.

Still in 2017, inpEV updated its Code of Conduct by including two fundamental norms within the current context we are now facing: an Anti-corruption Policy and Competition Policy. The guidelines set out in the Code must guide our decisions and that of employees, partners, suppliers and associates, to deal with matters related to the Institute.

I hope you enjoy your reading!

Rondonópolis, MT, receiving central unit.

inpEV

**Acts as the intelligence center
of the Campo Limpo System and
is responsible for coordinating
all packaging reverse logistics
operations across the country**



Mission, Vision, Values and Principles

GRI G4-56



Mission

Contribute towards conservation of the environment and the Campo Limpo System by means of self-sustainable management of the final disposal of empty packages of plant health products and by providing services in the solid waste area, with the involvement and integration of all links of the agricultural productive chain.



Vision

Be acknowledged worldwide as a center of excellence in the final disposal of empty crop protection packaging, as a reference in providing services in solid waste management and becoming self-sustainable in Brazil.



Values and Principles

- **Integrating attitude:** this is the leadership characteristic of the Institute, valuing team work, integrating the links in the agriculture chain and disseminating knowledge.
- **Innovation:** it is our dynamics, entrepreneurship, creativity and ability to overcome challenges that position inpEV as a global reference in the reverse logistics of empty crop protection packaging.
- **Integrity:** this means behavior based on ethics, respect for differences, transparency in all actions performed and providing accurate information.
- **Social and environmental responsibility:** it is the *raison d'être* of the Institute, which acts as the intelligence center of the Campo Limpo System.
- **Safety:** it is the care for the well-being and physical integrity of employees and all those involved in the Campo Limpo System, as well as the protection of information and assets.

Organizational profile

GRI **G4-3, G4-4, G4-6, G4-7, G4-8**

inpEV is a nonprofit organization created by the crop protection manufacturing industry to promote the proper disposal of post-consumption packaging of this type of product. Headquartered in São Paulo, the Institute is part of the Campo Limpo System, in which it acts as the intelligence hub and is responsible for executing the reverse logistics of packaging across the country (learn more on pg. 28). It was founded in December 2001, in response to the determinations of Federal Law nr. 9.974/00, which established the principles for the management and environmentally sound disposal of empty crop protection packaging, and started its operations in March of 2002. The creation of inpEV has made it possible to integrate the different links of the agricultural chain and the public sector, and to guide the cycle of post-consumption packaging from the field to its final destination.

Brazil is a world reference in reverse logistics for empty crop protection packaging. Thanks to the Campo Limpo System, about 94% of the primary plastic packages sold in the country – which come in direct contact with products – and 80% of all packages sold every year receive proper disposal. GRI **G4-EN28**

The reverse logistics process managed by inpEV helps connect farmers from across the country and 5,000 dealers and cooperatives to a network of more than 400 fixed receiving units, located in 25 Brazilian states and in the Federal District. The units comply with the rules set forth in technical standards, laws and environmental permits. Most of these are managed by dealer associations, but six of them are managed directly by the Institute – Alto Parnaíba, MA; Boa Vista do Incra, RS; Rondonópolis, MT; Taubaté, SP; Unaí, MG; and Uruçuí, PI. inpEV is responsible for shipping the material received at the units to an appropriate destination (recycling or incineration).

Federal Law 9,974/00 and Federal Decree 4,074/02

This legislation set forth the concept of shared responsibilities among the agents of the chain regarding the process of receiving and providing final disposal of empty crop protection packaging and defined specific roles for each of them.

The supervision of compliance with these responsibilities is the responsibility of the public power which in conjunction with distribution channels and the manufacturing industry, also operates in the education and awareness of farmers about the importance of participating in the reverse logistics.

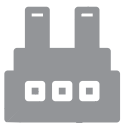
SHARED RESPONSIBILITIES



Farmers: wash, make void and temporarily store the material according to technical guidelines; return the empty packages to the place indicated on the bill of sales and keep the proof of return (supplied by the receiving unit) for one year.



Distribution channel (retailers and cooperatives): indicate on the bill of sale the return location for post-consumption packaging; maintain such return locations; receive and properly store the material; issue proof of return to farmers; and educate and develop awareness among farmers about the importance of following the correct procedures and participating in the reverse logistics



Manufacturing industry (represented by inpEV): remove the units stored at the receiving units; provide proper destination to this material (recycling or incineration); and educate and develop awareness among farmers about the importance of following the correct procedures and participating in the reverse logistics.



Public power: oversee compliance of different agents with their legal responsibilities; grant licensing to receiving units; and educate farmers on the importance of following the correct procedures and participating in the reverse logistics.



Luís Eduardo Cavalca, a farmer honored during the National Clean Field Day celebrations in 2017 by the Taubaté, SP, receiving unit.

PARTICIPATION IN ENTITIES THAT ADVOCATE ON BEHALF OF THE AGRICULTURAL SECTOR

GRI **G4-16**

The Institute is a member of CropLife Latin America, an international organization that defends agricultural productivity and sustainability, and partakes in all committees of both member entities: the National Plant Protection Association (Andef) and the National Union of Plant Health Products Industry (Sindiveg).

Operational structure

GRI G4-5, G4-9, G4-13

In 2017, inpEV had 76 employees, distributed between its administrative headquarters in São Paulo, the directly managed central receiving units and regional Operational coordinators (CROs), distributed across ten states and responsible for encouraging integration among all agents co-responsible for developing the Campo Limpo System.

Still in the same year, inpEV changed the location of its headquarters. Its main office, previously in the Pinheiros district, was relocated to the Brooklyn region, both in the city of São Paulo.



108

importers, registrants or
manufacturing companies of
crop protection products



9

entities
representing the
agricultural sector

History

of inpEV

2001

- Seven entities representing the agricultural sector and 27 manufacturers unite to establish inpEV on 14 December, thereby continuing a study initiated in 1992, which focused on understanding the flow of empty crop protection packaging in Brazil, based on the enactment of Federal Law 9,974/00, which defined the issues related to the proper disposal of empty crop protection packaging in Brazil.

2002

- The reverse logistics system, which later would be named the Campo Limpo System, starts its operations in March. Its structure, at the time, consists of 33 central receiving units and an outpost. Along this same year, more companies affiliate themselves to inpEV, totaling 39 members.

2004

- Creation of the Olimpio character, a scarecrow that personifies the educational and awareness messages of the SCL.

2005

- With 43,000 tons of disposed empty packages since the System was created, Brazil becomes a global reference on the matter.
- The National Clean Field Day (DNCL) is created on August 18 with the purpose of offering greater visibility to the System and increasing awareness of society. Since then, all links in the agricultural chain have been celebrating the excellent results of the System on this date.

2008

- Campo Limpo Plastic Transformation and Recycling S.A. is created, intended to close the management cycle of crop protection packaging within the chain itself by manufacturing new packaging and resins resulting from recycling the material received at the units.
- The first receiving unit managed by inpEV is inaugurated in Rondonópolis, MT.

2009

- Campo Limpo Plastic Transformation and Recycling S.A. launches Ecoplastic®, the first packaging in the world to be produced using resin recycled from empty crop protection packaging. It is also the first packaging manufactured using recycled raw material to receive UN certification (group II, 1.4 g/cm³ density) for ground and maritime transportation of hazardous products. Ecoplastic® materializes inpEV's commitment towards innovation and its quest towards the economic self-sufficiency of the SCL.

2010

- Disposal amounts to 94% of the total primary plastic packages sold.
- inpEV actively participates in discussions that would lead to the definition of the PNRS (National Policy on Solid Waste).
- The Institute launches an educational program for Elementary School students aligned with the National Curriculum Parameters (PCNs) of the Ministry of Education (MEC). This action gives rise to the Campo Limpo Environmental Educational Program (PEA).

2013

- inpEV conducts a pioneering project in the state of Paraná to eliminate CHC (hexachlorobenzene) and other obsolete crop protection products stored in rural properties since their prohibition during the 1980's in partnership with public and private institutions - pg. 59

2014

- adEV (the Scheduled Return of Empty Packages) is implemented to offer farmers the possibility of scheduling when to return their products and to provide central units greater predictability of demand, resulting in time and efficiency gains.

2015

- Start of the leftover post-consumption receiving project at the Campo Limpo System units - pg. 38
- Inauguration of the Campo Limpo Plastic Lids and Resins, in Taubaté, in the countryside of São Paulo State, and start of the Ecocap production, a high performance sealing system for packages.

2017

- Closing ceremony of the Project to Properly Dispose of Obsolete Crop Protection Products in São Paulo during the celebrations of the National Clean Field Day, at the Taubaté, SP, central unit. The event was attended by the Governor of São Paulo, Geraldo Alckmin, and by the Secretaries of Agriculture and the Environment - pg. 58
- Implementation of the second phase of the obsolete crop protection disposal project in the state of Paraná, in particular CHC - pg. 59



Corporate **governance**

GRI G4-34

**inpEV seeks the best market
practices for its management**



Consistent with the values that guide its actions and committed to the pillars that sustain its role as the intelligence center of the Campo Limpo System (reverse logistics of empty crop protection packages), inpEV seeks the best market practices in its management. Its bylaws reiterate the need to abide by the principles of legality, impersonality, morality and equality.

Its corporate governance structure consists of the members General Assembly, Board of Directors, Executive board and Board of Auditors. Thematic committees add to knowledge and support leadership in the areas of: Tax, Logistics, Packaging, and Artifact Approval.

The General Assembly is composed by the members of inpEV, the crop protection manufacturing industry, and by entities that represent the various links of the agricultural chain. This Assembly meets twice a year to validate the strategy and evaluate the Institute's performance. The Board of Directors is formed by representatives of contributing member companies

and their associated entities and is responsible for defining the guidelines to fulfill the mission and social objectives of inpEV. The entities that represent the links of the agricultural chain participate in the decisions and are responsible for disseminating information and deliberations about the Campo Limpo System, adding expertise and providing guidelines for the seamless operation of the SCL.

The Executive Board is responsible for guiding the management, strategy implementation and performance of inpEV. It is presided by the CEO, who is an independent professional (without any bond to member companies) nominated by the Board of Directors.

The management model is based on rigid audit and control standards. According to the guidelines of external auditors and with the opinion of its Board of Auditors, the institute discloses the result of its activities and operations on an annual basis in accordance with Brazilian accounting principles as part of its transparency commitment towards associated companies and entities and the other links of the chain.

Board of Directors

Basf S.A.

Roberto Melo Araújo	Full Chairman
Mauricio do Carmo Fernandes	Alternate Chairman

Bayer S.A.

Gerhard Bohne	Full Chairman
Alessandra Fajardo	Alternate Chairman

DU PONT do Brasil S.A.

Marcelo Okamura	Full Chairman
Giovanni Cadorin	Alternate Chairman

Iharabras S.A. Indústrias Químicas

Gustavo Urdan	Full Chairman
Juliano Justo	Alternate Chairman

Syngenta Proteção e Cultivos Ltda.

Jorge Buzzetto	Full Chairman
José Pelaquim	Alternate Chairman

OTHER ORGANS OF CORPORATE GOVERNANCE

• **Board of Auditors**

It is formed by three members elected by the General Assembly from among contributing members (in 2017, Arysta, Dow and FMC), and is responsible for supporting and overseeing other governance instances.

SUPPORT COMMITTEES AND THE NATIONAL CENTRAL UNITS COUNCIL

• **Tax Committee**

It facilitates compliance of participants of the Campo Limpo System regarding tax, fiscal and corporate issues. It is formed by professionals of inpEV, of Campo Limpo Reciclagem e Transformação de plásticos S.A. and by independent consultants.

• **Labor Committee**

It debates issues related to professionals working in the inpEV headquarters in São Paulo and in the receiving units managed directly by the institute, as well as the staff of other receiving units of the Campo Limpo System.

• **Logistics Committee**

Discusses measures to improve reverse logistics processes and technologies, in the framework of the Campo Limpo System.

• **National Central Units Council**

Multidisciplinary group formed by central units managers that act to support inpEV administration. Among its roles are the general requirements of the System and dissemination of best practices to the regional councils.

WORK GROUPS

These are committees that are not part of the corporate governance structure, but play a crucial role in carrying out certain activities, such as:

• **Artifacts Approval Committee**

Evaluates and approves, together with partnering recyclers, the manufacturing of new artifacts from the empty containers from the Campo Limpo System..

• **Ethics Committee**

Created in 2017 as a result of the update of the inpEV Code of Conduct.

• **Packaging Committee**

Evaluates new trends, the packaging life cycle and innovations of the sector.

Code of conduct

GRI **G4-56**

The inpEV Code of Conduct was revised at the end of 2017 after being updated based on the Anti-Corruption Law. The purpose of this document is to ensure fulfillment of the Mission, Values and Ethical Principles of the Institute, guide the actions of inpEV employees and define the attitude in relation to different stakeholders. It also defines some related precepts that can bring knowledge, qualification, expertise and cooperation among all links of the agricultural chain that are part of the disposal system of empty crop protection packaging. Employees, service providers, suppliers, partners and members are covered by its guidelines.

The updating process involved the entire organization and relied on legal advice. One of its deliverables was the creation of the Ethics Committee. The Anti-Corruption and Competition Policies were also created.

A copy is given to all suppliers and new employees once they are hired. This document is also available on the Institute's website (inpev.org.br).

ANTI-CORRUPTION POLICY

GRI **G4-S04**

This policy was created to ensure that inpEV members and employees comply with the ethical standards of the Code of Conduct and the national Anti-Corruption Law (Federal Law nr. 12,846/2013), which defines the administrative and civil liability of companies for the practice of acts against national or foreign public administration.

The policy guidelines are based on the highest standards of integrity, legality and transparency and, in addition to containing the requirements of federal law, they point out preventive practices and define legal and internal sanctions.

All members and employees, acting on behalf of inpEV, must observe, comply with and enforce the policy terms and conditions. They must know the content at the time they formally become bond to the Institute, so that all are committed to fight against corruption. It is their duty to always communicate any doubts, concerns or suspicions regarding any inappropriate conduct.

COMPETITION POLICY

The Competition Policy also has the purpose of ensuring compliance with federal law. Law nr. 12,259, November 2011, structures the Brazilian System to Defend Competition and defines prevention and repression of infractions against economic order. The exchange of sensitive competitor information or the exercise of any anti-competition practice shall not be tolerated by inpEV and any form of interaction with competitors that may affect good market practices is strictly prohibited. Ways to prevent this conduct are defined in the Competition Policy.

TRAINING

On November 29 and December 1, 2017, all inpEV employees, including regional coordinators and supervisors and third-party employees, received training on the new Code of Conduct including matters covering non-discrimination, gender equality and working environment. During this training, this document was presented and groups were formed in which participants were invited to expose their opinions on different situations.

Training related to the Code of Conduct

GRI **G4-SO4**

	Total number of employees by functional category	Total number of employees who received training	Percentage of employees who received training
Directors	1	1	100%
Managers	7	7	100%
Coordination	17	17	100%
Supervision	6	6	100%
Administrative	17	16	94%
Operational	23	1	4%
Apprentices	3	2	67%
Interns	2	2	100%
Total	76 ¹	52	68%
Total hours spent in human rights training in 2017, per employee²			4.00
Percentage of employees that received human rights training in 2017³			67%

Notes:

1. Only direct employees are accounted for.

2. All CD associates and members received the new Code of Conduct, but no specific training was provided to them.

3. All inpEV employees were considered, except for those holding operational positions at the receiving units.

DE RECEBIMENTO
DE EMBALAGENS VAZIAS
DE AGROTÓXICOS
DE RONDONÓPOLIS

CENTRAL SENADOR
JONAS PINHEIRO

2017

Highlights

In another year
of accomplishments,
inpEV presents the main
highlights of 2017



The Rondonópolis, MT, packaging receiving unit starting another day of work.

2017

in numbers



94%

of the primary plastic crop protection packages sold in the market receive environmentally appropriate disposal

44,500

tons of empty packaging disposed during the year



99

receiving units and **50** outposts licensed to receive leftover post-consumption products



224.5

tons of banned products incinerated in the state of Paraná, during the second phase of the project in partnership with public and private institutions

292

tons of banned products incinerated in the state of São Paulo, in a project in partnership with public and private institutions

Learn the details on the obsolete product disposal projects on pg. 58



121

participations in events for universities
and technical schools



76

employees

46

participations in associated events,
agricultural fairs, field days and
symposiums



228,000

students participating in the Campo Limpo
Environmental Educational Program (PEA) /
3,608 students participating in agroPEA
(environmental educational program for
university and technician level students)



70,000

participants in the
National Clean Field Day activities

COMMITMENTS AND PERFORMANCE IN 2017

	Unit	Goal	Performance
Total disposed packages	t	44,500	44,512
PEA ¹ – schools	nr.	2,000	2,380
DNCL ² – central units with activities	nr.	100	109
Units receiving post-consumption leftovers	nr.	111	99 ³

Notes:

1. Campo Limpo Environmental Educational Program

2. National Clean Field Day

3. The goal relatet to the number of units receiving leftover material was not achieved due to difficulties in obtaining the necessary licenses for this operation at some locations.

MAIN ACTIONS CARRIED OUT IN 2017

• Participation of the public power

The celebrations of the National Clean Field Day (DNCL) and conclusion of the Adequate Disposal Program of Obsolete Products in São Paulo, that took place in the Campo Limpo Plastic Recycling and Transformation unit in August, counted with the presence of São Paulo Governor, Geraldo Alckmin, and the State Secretaries of Agriculture and of the Environment, in addition to municipal authorities. Learn more on pg. 62.

• inpEV and the state of Ceara sign a Term of Commitment

inpEV, distributor associations and the Government of Ceará, by means of the Secretariat of the Environment (Sema), the Superintendence of the Environment of Ceará (Semace) and the Agricultural Defense Agency of the State of Ceará (Adagri), signed in December of 2017 a Term of Commitment for the Reverse Logistics of empty crop protection packages. The document complies with the provisions of the PNRS, Federal Decree 7,404/10, and State Law nr. 16,032/16.

Currently, the state of Ceará disposes of around 50 metric tons of empty crop protection packaging by means of the receiving units of Quixeré and Ubajara, managed by the Agribusiness Commerce Association of the Semi-Arid region (Acasa) and by the Ceará Agribusiness Commerce Association (Acace), respectively, and also by means of the itinerant collection units events. In 2018, Ceará will have one more outpost for packaging return in the Cariri region, managed by the Cariri Agricultural Inputs Distributors and Dealers (Adiac). Furthermore, over 50 itinerant collection events will be held throughout the year.

• The Quixeré outpost is inaugurated

On August 25, Acasa (Agribusiness Commerce Association of the Semi Arid), with the support of inpEV (National Institute for Processing Empty Packages), inaugurated the receiving outpost of empty crop protection packaging of Quixeré in Ceará, with a receiving capacity of 60 tons per year.

This unit services around 300 farmers from the cities of Quixeré, Limoeiro do Norte, Jaguaribara, Jaguaribe and Morada Nova, among other locations in the Chapada do Apodi region, at the boarder between the states of Ceará and Rio Grande do Norte. The empty packages received at this new outpost are sent by inpEV to the Mossoró receiving unit, managed by the Agribusiness Commerce Association of the Semi Arid (Acasa), and from there they are sent to recycling or incineration.

• inpEV participates in the Symposium at Unea-3

João Cesar M. Rando, CEO of inpEV, presented the Campo Limpo System at the Unea-3 Business Symposium, an event promoted by the United Nations Environment Programme (Unep) during the United Nations Assembly for the Environment, in Nairobi, Kenya. The Institute's executive participated in the initiative by invitation of the GBA4-E (Global Business Alliance for the Environment). inpEV was the only non-governmental Brazilian organization to participate.



• International delegations visit Brazil

By invitation of inpEV, the Campo Limpo Plastic Transformation and Recycling S.A. received in March a group of 43 representatives from more than ten countries, led by Croplife International, an association based in Belgium that promotes agricultural technologies. The visit preceded the Container Management Meeting, an event held in São Paulo in 2017.

A 35-member delegation from the Argentina Cooperative Association (Aca) visited the Ponta Grossa, PR, receiving units in August, managed by Asso-campos (Dealers Association of the General Fields Agribusiness Inputs) to share experiences on reverse logistics of empty crop protection packaging.

inpEV also received the Board of Directors of CIAFA (Chamber of the Argentinian Industry of Crop Protection and Fertilizers), which came to know the Campo Limpo System and seek references that would help implement a similar system in Argentina, in accordance with recent legislation in force.

of São Paulo environmental specialists to participate in panels and workshops.

• Latin America Sabre Awards

The 2016 National Clean Field Day received two excellence certificates during the Latin America Sabre Awards, the most important global award in the Public Relations market: Public Education and Reputation Management. This award, granted by the Holmes Report, an entity dedicated to improving the PR sector globally, acknowledges initiatives in Mexico, Caribbean countries, Argentina and Brazil.

• Innovation Support Ranking

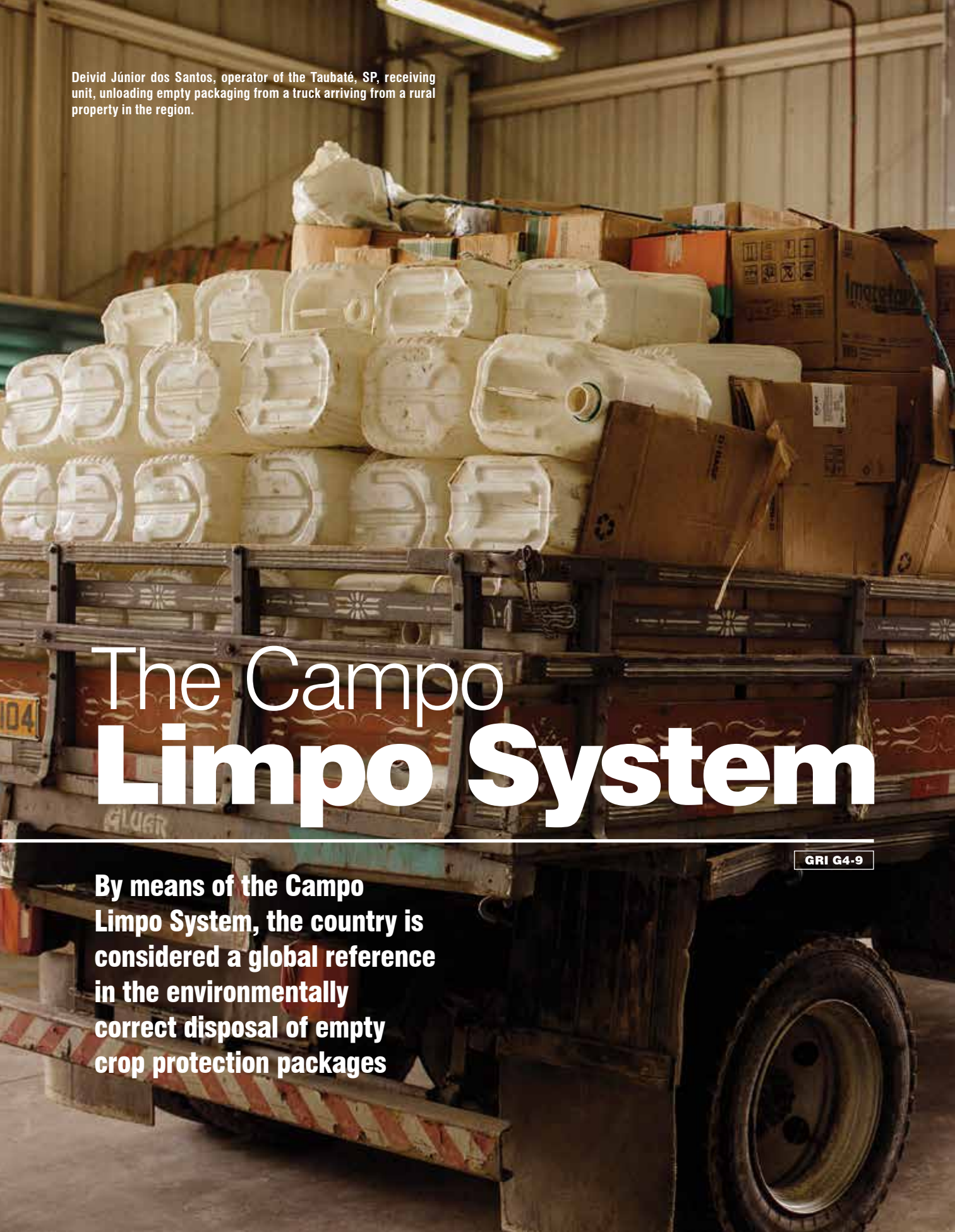
inpEV was highlighted during the fifth edition of the Innovation Support Ranking due to its activities as the intelligence center of the Campo Limpo System regarding reverse logistics and disposal of empty crop protection packaging. This ranking is intended to identify, evaluate and disseminate sustainable innovations carried out by private, public and third sector organizations.

ACKNOWLEDGEMENTS

• Abrampa and Environmentally Friendly Company Trophy

In 2017, inpEV received the Abrampa and Environmentally Friendly Company Trophy, created by the Brazilian Association of Members of the Environmental Public Ministry (Abrampa) with the purpose of promoting, communicating and improving the efficient use of natural resources, environmental conservancy, best practices and support to sustainable social and environmental projects. The reward ceremony occurred during the Abrampa Congress, an event that brought together on April 26 in the city





Deivid Júnior dos Santos, operator of the Taubaté, SP, receiving unit, unloading empty packaging from a truck arriving from a rural property in the region.

The Campo Limpo System

By means of the Campo Limpo System, the country is considered a global reference in the environmentally correct disposal of empty crop protection packages

GRI G4-9



The Campo Limpo System is a Brazilian reverse logistics program for empty crop protection packages or those containing leftover products. With inpEV acting as its intelligence hub, this System covers all the regions of the country and is based on the concept of responsibility shared by farmers, manufacturers, distribution channels, and government, according to Federal Law 9,974/00, and its regulatory Decree 4,074/02. Its broad capillarity can be proven by the numbers of its structure, presented in the infographics below.

The System follows the evolution of Brazilian agriculture and agribusiness. If abandoned in the environment or improperly discarded, the crop protection packaging could jeopardize the soil, surface water and groundwater. Once reused, they pose a risk to human health and the environment.

Research conducted by the National Plant Protection Association (Andef) has pointed out that, in 1999, 50% of empty crop protection packaging in Brazil was given away or sold without any control, 25% was burned in the open, 10% was stored in the open and 15% was simply abandoned in the field. The adoption of the Campo Limpo System modified this scenario in such a way that today the country is considered a world reference in the environmentally correct destination of these packages. About 90% of the material received by the System returns to the productive cycle as raw material, which corresponds to the average percentage of packaging subject to recycling (cardboard, metal and washable plastic, provided this material as been properly washed after use in the field). Non-washable packages (about 5% of total sales) and those not properly washed by farmers are sent to accredited incinerators.



90% of the material received by the System returns to the productive cycle as raw material, which corresponds to the average percentage of recyclable packaging



The packages are segregated, pressed and baled at the receiving units prior to being sent to recycling or incineration.

Infrastructure

The Campo Limpo System has receiving units in 25 states and in the Federal District. These locations are managed by crop protection distributor associations, except for six units directly managed by inpEV. The Institute guides the other units and disseminates best practices on themes such as operational procedures, labor laws, safety and financial administration.

Both the central receiving units and the outposts must comply with the determinations of Conama Resolution 465/14 to obtain or renew their environmental permits.

Principles of the Campo Limpo System



Legislation

Assigns specific responsibilities to each link in the agricultural chain



Integration

Involvement of all links since the beginning of the System



Education and awareness

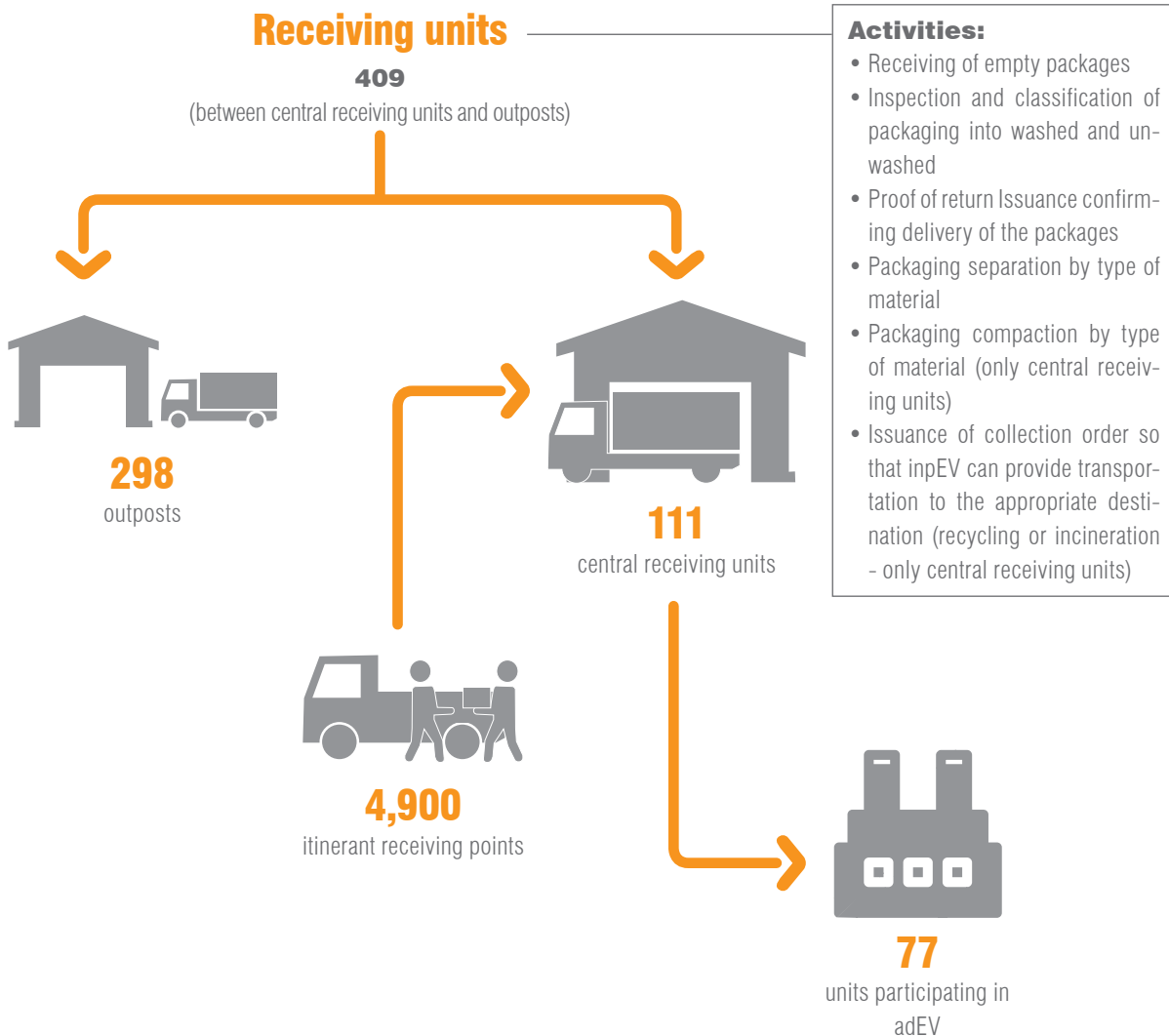
Continuous and consistent efforts



Process and information management

Guides decision-making with a focus on increased productivity, efficiency and value generation and capturing

GRI 64-12



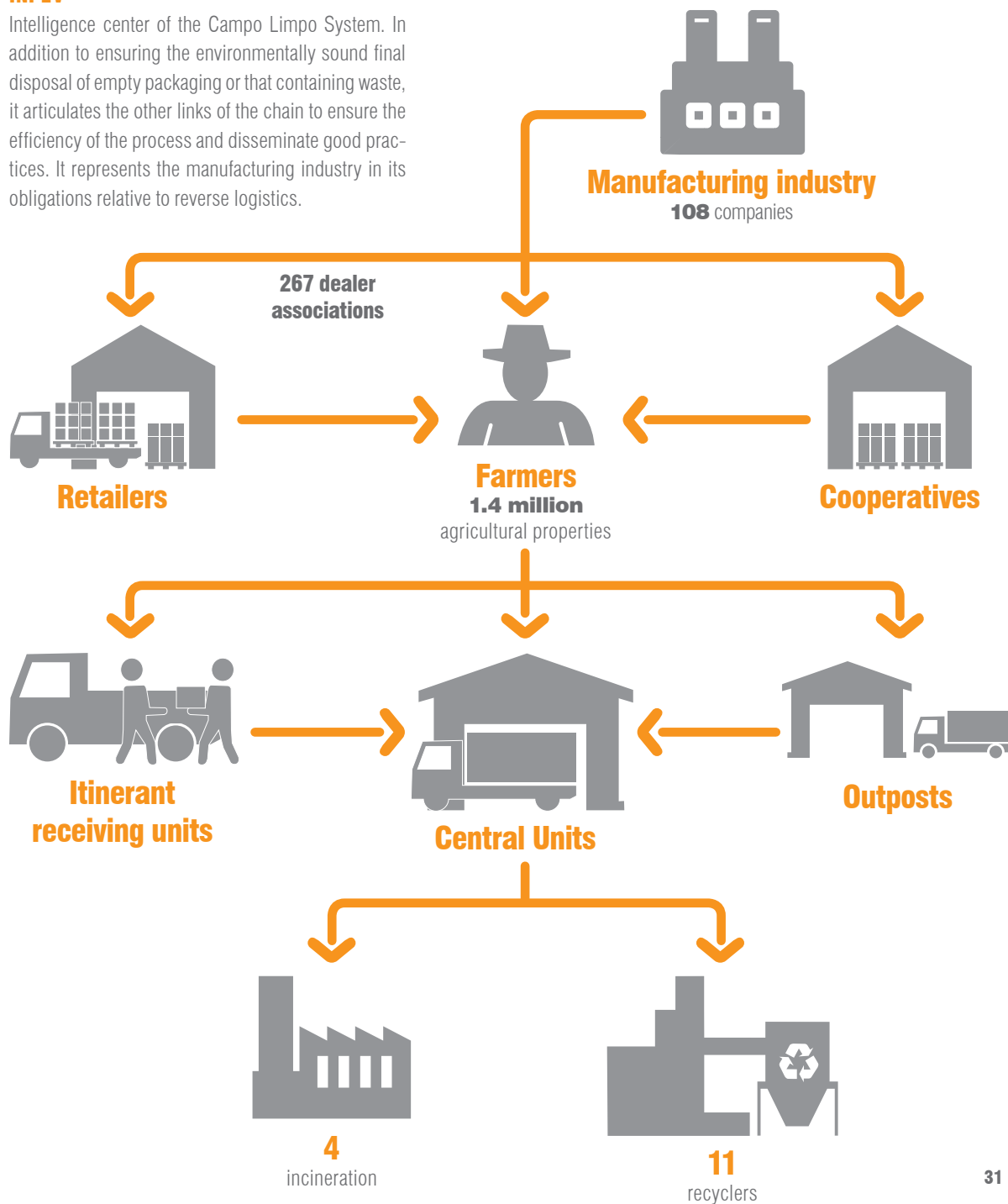
- **Central units:** structures responsible for receiving, separating and compacting empty packaging to be sent to appropriate destination. In December 2017, 99 central units were also ready to receive post-consumption leftovers, which are packaged in suitable containers for shipment to their final disposal, without any waste handling.
- **Outposts:** smaller structures capable of receiving the empty packaging and segregating it. Some are already prepared to receive post-consumption leftovers. The empty packaging or that containing waste is forwarded to the central units.
- **Itinerant receiving units:** moving units for receipt of empty containers in remote regions that are more distant from the fixed receiving units.
- **Scheduled Return of Empty Packages (adEV):** a system that allows farmers to schedule the returns of empty packaging or that containing waste using a computer or a mobile device. By means of adEV, the receiving units are able to predict demand and more efficiently manage packaging receipt.

GRI G4-12

CAMPO LIMPO SYSTEM

INPEV

Intelligence center of the Campo Limpo System. In addition to ensuring the environmentally sound final disposal of empty packaging or that containing waste, it articulates the other links of the chain to ensure the efficiency of the process and disseminate good practices. It represents the manufacturing industry in its obligations relative to reverse logistics.



94%

of primary plastic packages - that are directly in contact with the product - sold in the country are correctly disposed of by the SCL. The System is prepared to receive **100%** of the packaging and correctly dispose of them.



CONTROL AND TRACEABILITY

The Central Offices Information System (SIC) controls the movement of materials from the issuance of their proof of receipt, through inventory tracking by type of material through shipping and delivery to the recyclers or incinerators, with traceability of the entire process. It also allows to track the unit’s documents, such as licenses and environmental permits, among other information.



Inventory



Collection orders



Expenses



Hauled material



Documents

Safety and continuous improvement at SCL

GRI G4-PR1

Control of impacts on health and safety and the quest for continuous improvement of the Campo Limpo System are guaranteed by means of its quality management ISO 9001 certification, in its latest version (2015). The performance of audits ensures that the procedures are fully complied with and that possible non-conformities are dealt with for definite correction and enhancement of the System.

All packaging delivered to the central receiving units and outposts is inspected at the time of receipt. Those that have not been properly washed or

non-washable packaging are forwarded to a segregated area and from there sent to incineration.

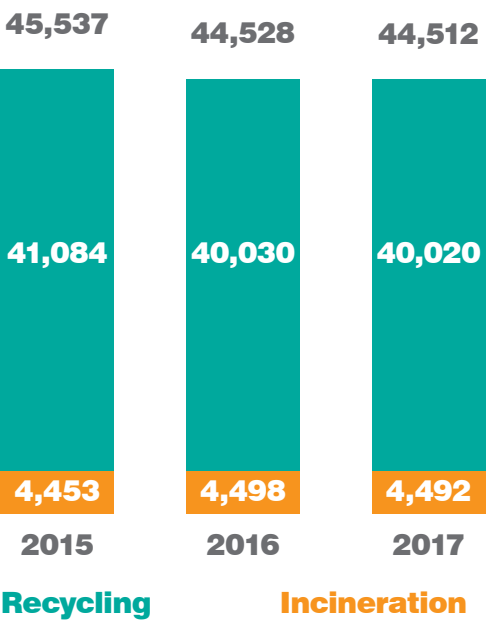
Since 2003, inpEV performs laboratory analyses of the triple washing done by farmers to understand the quality of the visual inspection and segregation of packages done by the units and keeps a database up to date of these analyses, using the ABNT technical standard NBR 13968 as a basis. The results show that, on average, the packages have 10 times less traces of pesticides than the allowable limit.

2018 goals:

- **properly dispose of 44,700 tons of empty crop protection packaging.**
- **dispose of 180 tons of leftovers.**

Destination numbers of empty
crop protection packaging in
2017 (in 1,000 tons)

GRI G4-EN23



Destination of empty packaging per region



Disposal of empty packaging per state (in tons)

State	2016	2017	%
Alagoas	106.6	113.8	6.77%
Amazonas	-	10.0	-
Bahia	3,088.2	3,004.5	-2.71%
Espírito Santo	292.3	277.5	-5.09%
Goiás	4,485.4	4,226.3	-5.78%
Maranhão	788.8	852.0	7.90%
Mato Grosso	10,484.9	10,319.1	-1.58%
Mato Grosso do Sul	3,430.8	3,628.5	5.76%
Minas Gerais	3,403.5	3,704.9	8.86%
Pará	191.4	218.4	14.13%
Paraná	5,970.2	5,764.4	-3.45%
Pernambuco	232.3	345.5	48.72%
Piauí	642.7	615.1	-4.30%
Rio de Janeiro	55.3	-	-100.00%
Rio Grande do Norte	40.9	45.2	10.45%
Rio Grande do Sul	4,571.2	4,685.2	2.49%
Rondônia	478.1	458.2	-4.18%
Roraima	18.4	18.5	0.43%
Santa Catarina	1,005.9	796.3	-20.83%
São Paulo	4,582.5	4,624.3	0.91%
Sergipe	54.2	55.4	2.06%
Tocantins	605.2	749.3	23.80%
Total	44,528.9	44,511.6	-0.04%

Note: there was no direct disposal to recyclers and incinerators in the states not listed in the table. The 0.04% difference between the amount of disposed packages in 2016 and 2017 reflects the System reaching maturity and is not significant.

A person wearing a red helmet and orange protective gear is working on a machine. The machine has a 'VOLTS' warning label and a 'LIGA/RESET' button. The person is wearing a green shirt and a black glove. The background is blurred.

Operational **expansion**

GRI G4-13

**inpEV's activities are
considered a benchmark in
terms of reverse logistics in
Brazil and in the world**



Norma Regulamentadora
NR-12
CONFORMIDADE
PORTARIA 187
Ministério do Trabalho

EMERGÊNCIA
EMERGÊNCIA

- 10 = 100cm
- 9 = 90cm
- 8 = 80cm
- 7 = 70cm
- 6 = 60cm
- 5 = 50cm
- 4 = 40cm
- 3 = 30cm
- 2 = 20cm
- 1 = 10cm

(Escolha dos Cilindros)

→ Prensagem

→ Sacar Fardo

(Sentido de Movimento)

→ Para Cima

→ Para Baixo

The activities carried out at the central units are governed by operating procedures that prioritize the safety of collaborators.

In 2017, seven units were inaugurated, one of which was a central unit located in Santarém, state of Pará. Also in 2017, the Uruçuí units, PI, started to be directly managed by inpEV, becoming the sixth unit under the Institute's direct management.

The construction of the Placas sUnit, in Bahia state, was concluded. The new receiving unit should start operations in 2018 and will be directly managed by inpEV.

Receipt of post-consumption leftovers

In 2017, 99 receiving units were ready to collect packaging with post-consumption crop protection leftovers. The adaptation process of these units was started in 2015 and was later extended to the outposts. The goal was to have 50 of them capable of receiving packages with post-consumption leftovers in 2017, which has been met.

Any "post-consumption leftover" or "packaging containing waste" regularly manufactured and sold in Brazil and registered with the competent agencies that are in possession of farmers having an expired good through date or that have been damaged making them impossible to be used are considered leftover crop protection material. The physical adjustments to the receiving units included the definition of a specific space for storage, among other requirements of Conama Resolution 465/14. The units that are not managed by inpEV received instructions from the Institute during the entire infrastructure adaptation process and licensing procedures.



By the end of 2017, 99 central receiving units and 50 outposts had already been licensed to receive post-consumption leftovers. During 2017, 86,762 kilograms of leftover post-consumption products were sent to environmentally appropriate destinations by the Campo Limpo System.

Conama Resolution 465/14

It establishes the requirements and minimum technical criteria required for the environmental licensing of facilities intended to receive crop protection packaging that is empty or contains waste.

A model for other sectors

inpEV's activities are considered a benchmark in terms of reverse logistics in Brazil and in the world. The Institute is being sought after by representatives of other sectors, interested in developing reverse logistics programs due to the sanctioning of federal Law nr. 12,305 of August 2, 2010, which instituted the National Solid Waste Policy (PNRS).

Within this context, inpEV and Abisolo (Brazilian Association of the Technology Industries in Plant Nutrition) signed a contract to carry out a reverse logistics pilot project for packages of leaf, organo-mineral and organic fertilizers, besides plant substrates and soil conditioners. The receiving units of Ponta Grossa, PR; Rondonópolis, MT; and Patrocinio, MG, are participating in this pilot project, scheduled to continue until February, 2018.



The packages received at the central offices are initially separated and, afterwards, pressed and baled.

Operational **eco-efficiency**

GRI G4-15, G4-EN27, G4-EN28, G4-EN29, G4-EN30, G4-EN34

The Campo Limpo System is the most eco-efficient solution for the receipt and disposal of empty crop protection packaging in Brazil



Eco-efficiency of the Campo Limpo System

GRI G4-EN27

The eco-efficiency of the Campo Limpo System is evaluated annually by the Life Cycle Analysis study, carried out by the Espaço Eco Foundation (espacoeco.org.br). This study compares the real scenario with the existence of the SCL with another hypothetical one in which the System does not exist, as was the case until 2002. According to this material, the SCL is the most eco-efficient alternative for the receipt and disposal of empty crop protection packaging in Brazil.

The SCL activities contribute towards improving the environmental conditions of the country, since they promote the proper disposal of empty post-consumption crop protection packaging. Besides this, inpEV is always on the lookout for possible impacts that its activities may cause.

For this, it adopts the so-called return shipment when performing the reverse logistics to transport the packages, which is explained in more detail on pg. 66. This type of shipment is a great ally in reducing greenhouse gas (GHG) emissions. inpEV also endorses, since 2015, the Climate Protocol of the São Paulo State Government.

Recycling prevents new natural resources from being extracted to supply the productive industry. In addition, the Campo Limpo Plastic Recycling and Transformation plant produces packaging by means of more eco-efficient processes. Ecoplastic, for example, emits four times less greenhouse gases during its manufacturing than conventional packaging. Besides being innovative, it provides high resistance, being the first of its category to obtain UN certification (group II, density 1.4 g/cm³) – safety standard for chemical sector packaging – for maritime and ground transportation of hazardous products.

In 2017, the Institute invested approximately R\$ 13 million in environmental protection actions. All the environmental norms related to the exercise of its activities are fulfilled, for which reason there has been no record of fines or non-monetary sanctions in this regard in 2017. inpEV has also not received any formal complaints related to impacts on the environment.

Eco-efficiency of the Campo Limpo System in numbers (2012 to 2017)

- **Enough electric power savings to supply 2.5 million homes**
- **20 times less extraction of natural resources compared to a scenario without the System**
- **Waste reduction equivalent to that generated by a city having 500,000 inhabitants during 11 years**
- **A reduction of about 625,000 tons of CO₂ equivalent emissions, or 1.4 million oil barrels avoided** GRI G4-EN19

Investment in environmental protection (R\$ x1,000) GRI G4-EN31

	2015	2016	2017
Waste treatment and final disposal	11,405	9,907	9,407
Incineration of unwashed packaging	11,405	9,849	9,081
Disposal of leftovers and obsolete products ¹	-	23	156
Incineration of post-consumption leftovers ²	-	35	170
Environmental management and prevention	3,575	3,725	3,574
Awareness and educational actions ³	3,384	3,506	3,382
Monitoring actions ⁴	191	219	192
TOTAL	14,980	13,632	12,981

Notes:

1. Actions and programs developed in partnership with state government agencies.

2. Post-consumption crop protection leftovers returned by farmers to the Campo Limpo System licensed units.

3. These include the investments in awareness and education, such as events, the National Clean Field Day, materials produced to be used in presentations and field days, besides materials used by facilitators.

4. The numbers reflect the monitoring laboratory analyses after the empty packages have been washed by farmers, besides other consultancy work.

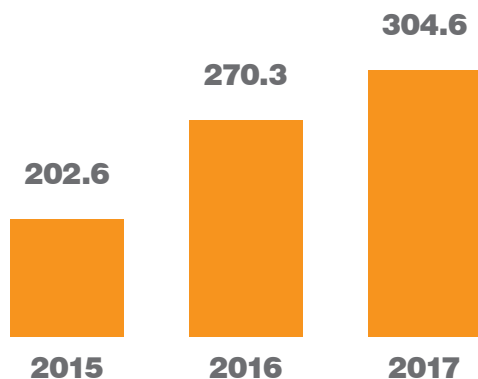
Energy and water consumption

GRI G4-EN3, G4-EN8

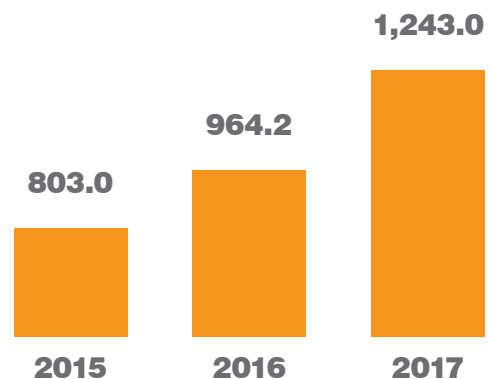
The electric power consumption of inpEV increased by 13% relative to 2016 as a result of the change of its headquarters and the inclusion of new receiving units under its management. In São Paulo, where the Institute's headquarters are located, actions are carried out to reduce energy consumption and use air-conditioning in the summer and heaters in the winter in a conscientious fashion. For 2018, implementation of solar energy use at the receiving unit under inpEV's management in Unaí, MG, is expected.

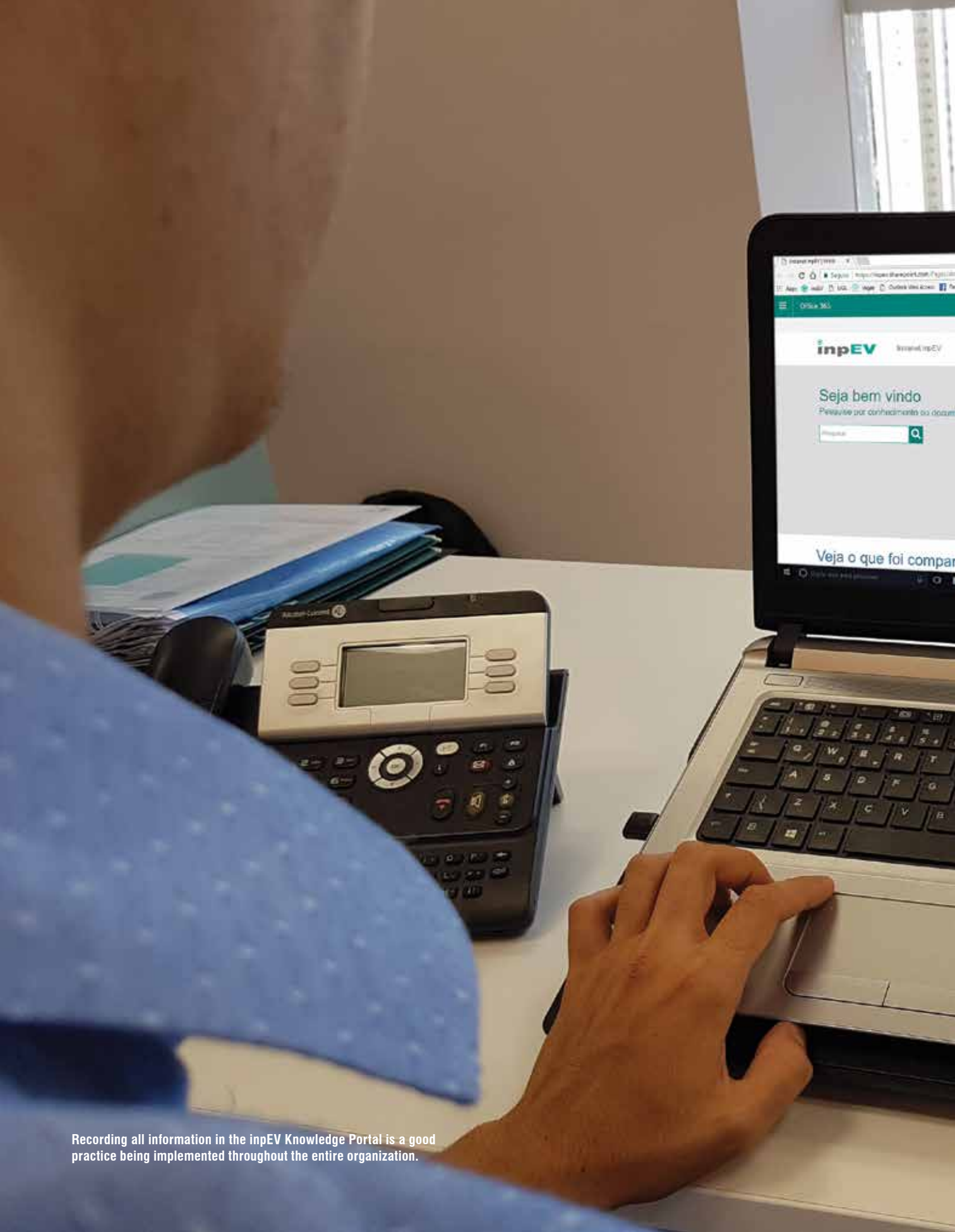
Water consumption by inpEV was 29% higher in 2017 than in 2016. This increase is due to the opening of new units and the accounting of the headquarter's consumption, made possible by the change of building. The headquarters and the Ron-donópolis unit use city-supplied water. The other units have artesian wells. inpEV's activities do not generate effluents.

inpEV energy (in GJ)



inpEV water (in m³)





Recording all information in the inpeV Knowledge Portal is a good practice being implemented throughout the entire organization.



INSTITUTO
NACIONAL DE
PROCESSAMENTO
DE EMBALAGENS
VAZIAS

Innovation & **technology**

**The purpose of the inpEV
Knowledge Portal is to enable
all acquired information to be
recorded, organized and made
available**

Innovation is part of inpEV's day-to-day life since the beginning of its activities, when it designed a unique reverse logistics system for empty crop protection packaging in Brazil.

To innovate means to define strategies and improve processes to gain efficiency and expand the coverage of the Campo Limpo System. One example of this are the itinerant collection units, considered strategic for the operation of the System. In 2017, the SCL conducted 4,900 itinerant collection actions, which approached farmers with difficulties to return the empty packages to receiving units or

outposts. This initiative is one way to service the various cities where the construction of a physical unit is not feasible.

For this, the association organizing the itinerant receiving units promotes communication campaigns intended to notify farmers that this activity is being conducted in their region.

To increase the capillarity of the System is one of inpEV's concerns, which has been studying other forms of receipt. Examples of how the Institute has sought to innovate in its operations are described below.

Receiving

Unit of the Future Project

Enactus Brasil

A non-profit organization that seeks to encourage university students to develop projects to improve the quality and the standard of living of communities while at the same time improving their skills to become leaders of the future, with a responsible business vision. It is present in 36 countries and has over 70,500 university students and teachers in more than 1,700 university campuses around the world.

In 2016, inpEV signed a partnership with Enactus Brasil to think about the challenges of forthcoming years, in a mid- to long-term horizon, with the purpose of seeking innovation and increasing safety and complying with environmental issues. In 2017, the "Receiving Unit of the Future" project was analyzed by eight university teams of Enactus Brasil, challenged to deliver a proposal for an innovative empty packaging receiving unit, within the established standards.

The EEL/USP (Lorena School of Engineering-SP) and UFES Alegre (Espírito Santo Federal University - Alegre-ES campus) students stood out when presenting relevant contributions and received a prize during the National Enactus Brasil 2017 Event in the city of Rio de Janeiro in the month of July.

Innovation

in compacting

In 2017, inpEV completed the implementation of a double press at the Rondonópolis, MS, receiving unit. The purpose for developing this equipment was to optimize the process carried out by various presses in order to execute operations with increased speed, reduced costs and less manpower.

The implementation began in 2016 and was completed on schedule. The Rondonópolis unit was chosen as a pilot. In 2018, inpEV will continue to work on improving machinery operations.

inpEV

Knowledge Portal

inpEV has developed, with its launch scheduled for early 2018, the inpEV Knowledge Portal. In 2017, interviews were held with key managers, and existing videos and materials were analyzed to create this new tool.

In this way, inpEV is creating a way to record, organize, make available, and consult in a structured manner its acquired knowledge to support decision making and the continued good practices adopted by the organization. It will also be a way of storing information about reverse logistics developments in Brazil.



Human development

GRI G4-10, G4-11

By the end of 2017, 85 employees formed the Institute's team, a growth of 35% compared to the previous year

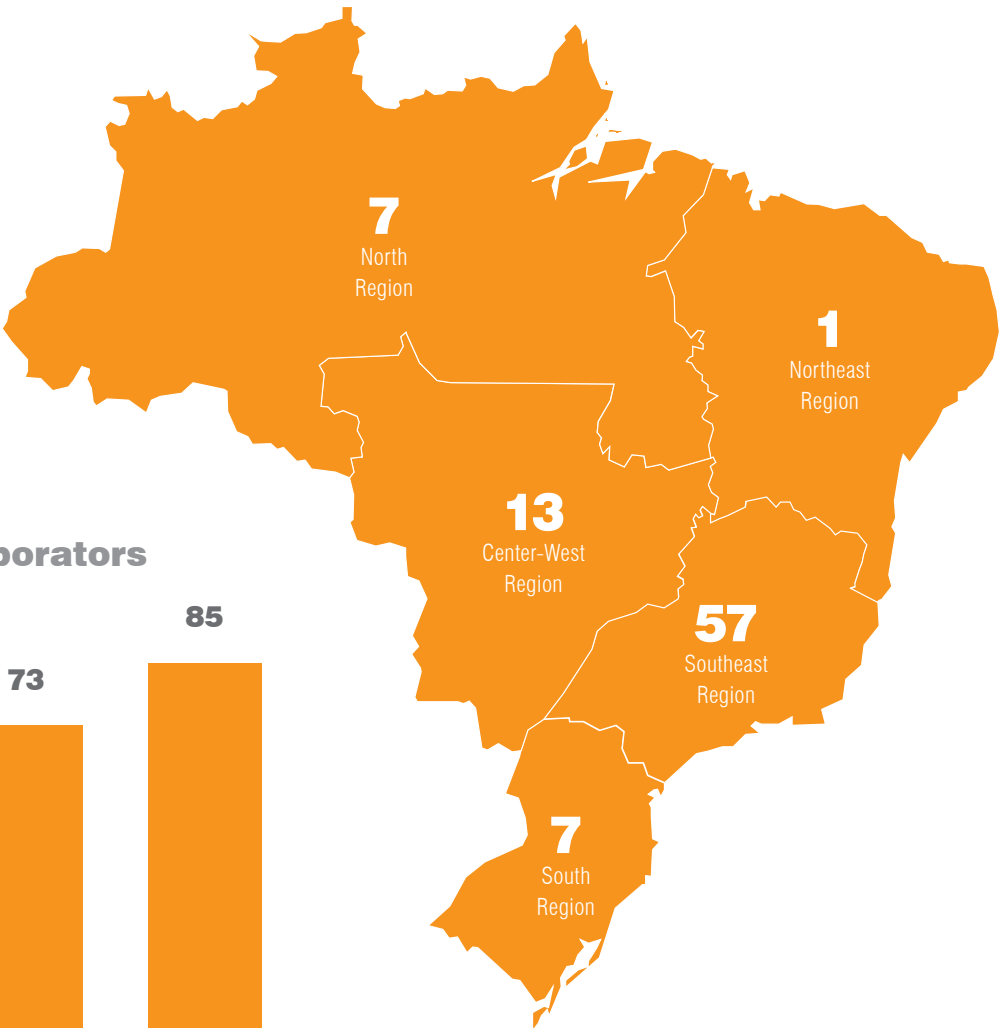


Bruno da Silva Brito, Micheli Fernanda da Cruz Stauti & Deivid Junior dos Santos, collaborators of the Taubaté, SP, central office, which caters to farmers from the Paraíba Valley.

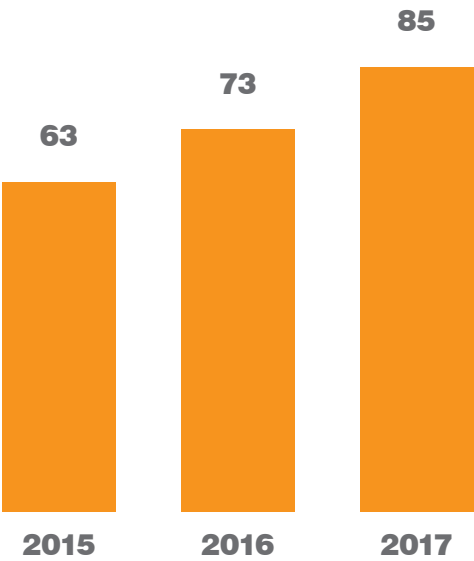
In 2017, inpEV had 76 employees. Of this total, 34 were women and 51 men. Most of them worked in the south-east region, equivalent to 63%. All of them were covered by collective bargaining agreements. Also, nine third-party workers were part of the team, all working

in the southeast region. Among them were six women and three men. The total number of employees, considering direct employees and third parties (85), was 35% higher than the same figure reported in 2016 due to the incorporation of the new receiving units.

Collaborators per region



Total collaborators



Total number of collaborators by functional level and gender

Functional level	Men	Women
Directors	1	0
Managers	5	2
Leaders/Coordination	10	7
Technicians/Supervisors	3	3
Administrative	12	5
Operational	21	2
Third Parties	3	6
Apprentices	2	1
Interns	1	1
Total per gender	58	27
Total	85	

Total number of collaborators by job type and gender

Type of job	Men	Women
Full-time	57	25
Part-time	1	2
Total	58	27
	85	

Total number of collaborators per region and gender

Region	Men	Women
South	6	1
Southeast	27	30
Midwest	10	3
Northeast	1	0
North	7	0
Total	51	34
	85	

Diversity

GRI **G4-HR2**

Respect for diversity is contemplated in the inpEV Code of Conduct. inpEV does not admit discrimination of any nature whatsoever, whether by race, religion, age, gender, political conviction, nationality, marital status, sexual orientation, physical condition, etc. In any of the internal processes, such as recruitment, selection, promotion, performance evaluation, and training, among others, professionals must be evaluated solely by their conditions to meet and adjust to the role's expectations.

Achievements

in 2017

The change of the administrative headquarters, which took place in march (see pg. 11), has brought about the advantage of optimizing areas and promoting better integration among staff, who now share the same space.

Another important action was the internalization of payroll, previously outsourced. In 2017, the HCM was implemented, an ERP Totus management software module used by the Institute.

Another highlight of the year was the implementation, in partnership with the Operations area of

a project to improve HR management in receiving units managed by dealer associations or cooperatives. Educational material with priority topics was developed for this purpose, including vacation, timetable, equipment supply management, among others. The demand for this initiative was great, due to the complexity of the topic. The professionals in charge were made aware of the project in meetings held with the units throughout 2017. This is an example of how inpEV acts in disseminating and sharing good practices with receiving units of the System that are not under its management.

Jadilson Bezerra da Silva, operator at the Rondonópolis, MT, central unit. Maintaining a good working environment, adequate facilities and quality equipment is a constant concern at inpEV.



Health and safety

GRI 64-LA6

When employees join inpEV, the concern the Institute has in maintaining a good working environment is noticeable, with adequate facilities and quality equipment. The Institute provides health and dental plans and encourages physical activities. At the headquarters, it also holds quality of life initiatives, such as calisthenics and fruit distribution in the office.

Safety in operations is also always in focus with the intent of reducing the number of incidents. The risks during receiving activities have been identified as well as the location in which they occur at each unit, which

allows for preventive actions. An example was the replacement of old knives of the deburring tool, used to remove the labels from packaging, which are safer and more efficient. All SCL units are already using this instrument.

To extend this outlook on operations in 2017, the Safety Coordinator role was created, which is adding expertise to management. The purpose is to increase attention on this topic in the directly managed units and provide guidelines to all other units to adopt best practices in this sense.

Health and safety indicators	2015			2016			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of injuries	2	0	2	1	0	1	2	0	2
Injury rate	25.79	0	15.29	3.79	0	3.79	22.50	0.00	12.20
Number of occupational illnesses	0	0	0	0	0	0	0	0	0
Occupational illnesses rate	0	0	0	0	0	0	0.00	0.00	0.00
Number of days lost	22	6	28	150	22	172	10	0	10
Lost days rate	286.66	112.71	214.08	569.18	83.33	652.51	112.50	0.00	61.20
Absenteeism number	27	7	34	12	9	21	0	0	0
Absenteeism rate	2,826	1,052	2,104	45.45	34.09	79.54	0.00	0.00	0.00
Total deaths	0	0	0	0	0	0	0	0	0

Note: the rates are calculated according to the registry system of the International Labor Organization (ILO): number of injuries/illnesses/days/ hours lost per MHW (man hours worked, including overtime hours) x 1,000,000.

Training and development

GRI **G4-LA9**

To train and develop the inpEV professionals is a way of keeping them prepared for challenges and retain talents. In 2017, around 1.2 million hours of training were given to the headquarters staff, an average of 15.34 hours per employee (considering only direct employees). In 2016, this average was 31.7 hours. On the other hand, employees at the directly managed receiving units (45) underwent 627 hours of training, or 13.93 hours on average per collaborator.

All inpEV staff members are submitted to performance evaluation. Employment contracts are tied to variable income aligned to the strategic objectives of the Institute. Receiving units operators managed by inpEV also receive a bonus in accordance with the goals of each unit.

Average hours of training at the inpEV headquarters, by functional category

Functional category	Number of employees	Number of hours	Average hours of training
Directors	1	4.00	4.00
Managers	7	43.50	6.21
Coordination	17	136.50	8.03
Supervisor	6	14.00	2.33
Administrative	17	540.00	31.76
Operational	23	12.00	0.52
Apprentices	3	360.00	120.00
Intern	2	55.50	27.75
Total	76	1,165.50	15.34

Average hours of training at the inpEV headquarters, by gender

Gender	Number of employees	Number of hours	Average hours of training
Male	48	423.50	8.82
Female	28	742.00	26.50
Total	76	1,165.50	15.34

Average hours of training at the inpEV receiving units, by functional category

inpEV receiving unit	Functional category	Number of employees	Number of hours	Average hours of training
Alto Parnaíba	Operational	2	10.00	5.00
	Supervisor	1	6.00	6.00
Uruçuí	Operational	5	9.00	1.80
	Administrative	1	9.00	9.00
Boa Vista	Operational	6	27.00	4.50
	Operational leader	1	27.00	27.00
	Supervisor	1	0.00	0.00
	Janitor	1	12.00	12.00
Taubaté	Operational	1	32.00	32.00
	Supervisor	2	26.00	13.00
	Administrative	2	195.30	97.65
Rondonópolis	Operational	5	38.20	7.64
	Operational leader	1	45.10	45.10
	Supervisor	1	13.10	13.10
	Administrative	1	21.10	21.10
	Apprentices	1	13.10	13.10
	Janitor	1	12.10	12.10
	Operational	7	43.00	6.14
Unaí	Operational leader	2	39.00	19.50
	Supervisor	1	10.00	10.00
	Analyst	1	32.00	32.00
	Janitor	1	7.00	7.00
Total		45	627.00	13.93

Average hours of training at the inpEV receiving units, by gender

Gender	Number of employees	Number of hours	Average hours of training
Male	36	430.80	11.97
Female	9	196.20	21.80
Total	45	627	13.93

Note: starting with the 2017 sustainability report, the reporting of training hours at receiving units managed by inpEV will be done separately from the reporting of training hours at headquarters, since there are differences in objectives and in frequency.



Members of the public power join the other links of the agricultural chain to celebrate the 2017 National Clean Field Day and the closing ceremony of the project for the final disposal of obsolete crop protection products in Taubaté, SP.

Multistakeholder dialog and cooperation

GRI G4-SO1

Awareness is key for all of these agents to act in accordance with the shared responsibilities pre-determined by legislation, which ensures the smooth operation of the System

sistema
campo
limpo

ImpEV

inpEV, as the intelligence center of the Campo Limpo System, also acts to raise awareness and educate stakeholders about the importance of reverse logistics. For this reason, it constantly develops campaigns, events, and even free courses, with a broad outreach to stakeholders involved in the

process. Awareness is key for all of these agents to act in accordance with the shared responsibilities pre-determined by legislation, which ensures the smooth operation of the System.

Partnership

with governments for the disposal of obsolete products

The obsolete crop protection final disposal project in São Paulo, executed by inpEV and the Secretariat of Agriculture, by means of the Agribusiness Defense Department (CDA) and the Integral Technical Assistance Department (Cati), the Environmental Secretariat (Cetesb), the Regional Center for the Stockholm Convention on Persistent Organic Pollutants (represented by Cetesb), the National Association of Agricultural and Veterinary Input Distributors (Andav), the São Paulo State Cattle and Agriculture Federation (Faesp) and the São Paulo State Cooperative Organization (Ocesp), was finished in August of 2017. Obsolete crop protection products are those prohibited by law since 1985 in all regions of the national territory, by the Ordi-

nance of the Ministry of Agriculture nr. 329. This action counted with the participation of 327 rural farmers* that declared the existence of banned crop protection products stored on their properties. The commemoration of the end of this project occurred during the celebration of the National Clean Field Day, in Taubaté, on August 18 (see pg. 62). In total, 292 tons of material were incinerated¹.

This project started in 2009, after the publication of the Joint Resolution SMA/SAA N°002, which gave rise to the cross-functional work group for the final disposal of banned products. The group's role was to seek solutions for the problem created for farmers once these products were banned. After the

planning phase, the collection and final disposal of obsolete products began in 2015. CDA was responsible for the acquisition of storage containers and incineration costs of the products. The Environmental Company of the State of São Paulo (Cetesb) was responsible for obtaining the environmental transportation and incineration licenses, while inpEV promoted the collection, specialized storage and transportation until its final disposal. Besides this, the CDA and Cati technicians supervised the entire collection phase at rural properties.

PARANÁ

In May 2017, the state of Paraná concluded the second phase of the banned crop protection destination

project, mainly CHC. During this phase, 224.5 tons of the material were correctly disposed of, 120 tons of which were incinerated at the expenses of inpEV. This initiative was executed by means of the Paraná Waters Institute (Aguasparana), the Paraná Environmental Institute (IAP) and the Paraná Institute for Rural Extension and Technical Assistance (Emater), with participation of the private sector by means of inpEV, the Paraná State Cooperatives Organization (Ocepar) and the Agricultural Federation of the State of Paraná (Faep).

Together, this phase and the preceding one, carried out between 2012 and 2013, amounted to the elimination of more than 1,400 tons of banned products in Paraná, coming from around 2,400 properties.

State Terms of Commitment

Besides the Term of Commitment signed in 2017 with the state of Ceará (pg. 24), there are two other terms in effect:

a) The Term of Commitment for the post-consumption responsibility of crop protection packaging in the state of Paraná: celebrated by the State Secretariat of Water Resources and the Environment, the Paraná Environmental Institute, the National Association of Agricultural and Veterinary Input

Distributors (Andav) and inpEV. Signed in 2012, it was renewed in 2017 for another four years;

b) Term of Commitment for the reverse logistics of empty crop protection packaging in the state of São Paulo: signed by the Secretary of the Environment, the Environmental Company of the State of São Paulo (Cetesb), the National Association of Veterinary and Agricultural Input Distributors (Andav) and inpEV. Signed at the end of 2015, it is in force until 2020.

230,000 4th and 5th grade students across Brazil participated in educational activities during the Campo Limpo Environmental Educational Program.

Foi pensando na internet e depois em uma rede, que um grupo de estudantes criou um jogo educativo sobre o meio ambiente. O jogo é chamado de Guardiões do Planeta e foi desenvolvido por uma equipe de professores e alunos da Escola Municipal de Campo Limpo.

GUARDIÕES DO PLANETA

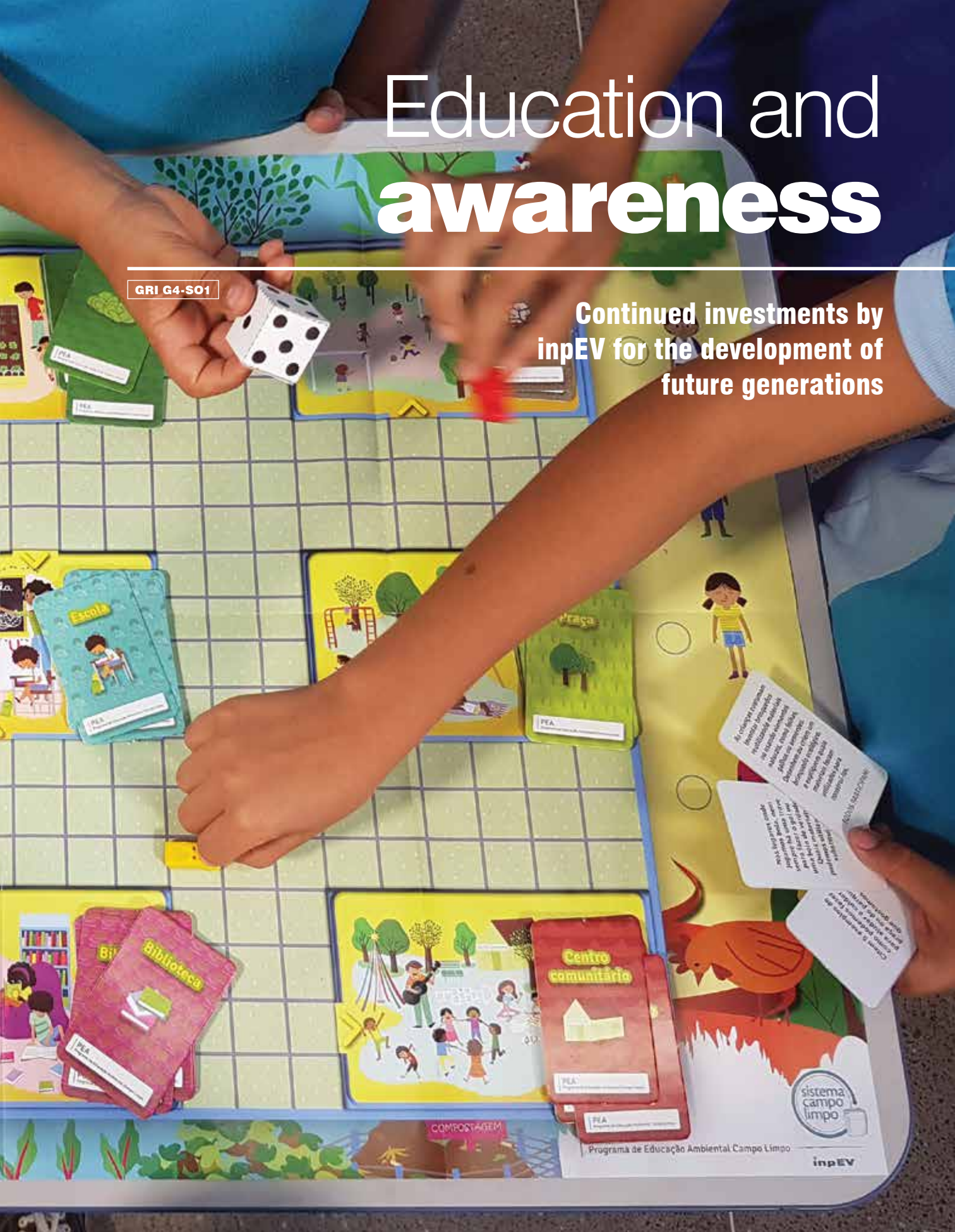
2ª edição



Education and awareness

GRI G4-SO1

Continued investments by
inpEV for the development of
future generations



NATIONAL CLEAN FIELD DAY

Every year, on August 18, the results of the System are celebrated during the National Clean Field Day. The celebrations, which are organized by receiving units with the support of inpEV, distribution channels, and public and private organizations, also draw attention to the importance of environmental conservation.

In 2017, the official opening occurred at the Campo Limpo Plastic Recycling and Transformation, in Taubaté (SP), with the presence of state government representatives, entities of the agricultural area and inpEV employees. The ceremony also marked the end of the Project for Final Disposal of Obsolete Products in the state of São Paulo (learn more on pg. 58). Around 70,000 people participated. The event was covered live by the Terra Viva Channel.

CAMPO LIMPO ENVIRONMENTAL EDUCATIONAL PROGRAM

The Campo Limpo Environmental Educational Program (PEA), created by inpEV in partnership with the receiving units, supports educational institutions to complement the syllabus of 4th and 5th-grade Elementary School students on topics related to the environment.

“Shared responsibility: schools and waste challenges” was the theme of the teaching materials specially developed for the program in 2017, which involved 2,380 schools and more than 228,000 4th and 5th-grade Elementary School students, mobilized by 104 receiving units in 22 states.

PEA works in schools in the vicinity of the receiving units by promoting environmental awareness. All this work is in line with the National Curriculum Parameters (PCNs) of the Ministry of Education (MEC).

Campo Limpo Environmental Educational Program	2015	2016	2017
Cities involved	274	274	294
Central receiving units	102	100	104
Schools	1,872	2,060	2,380
Classrooms	7,299	8,360	9,743
Involved students	189,060	210,428	228,962

AGROPEA

Since 2016, the Institute also promotes agroPEA, which focuses on undergraduate agronomy, agricultural engineering and animal husbandry students, as well as students of technical courses in the areas of performance of the Campo Limpo System. The program includes standardized lectures, distribution of materials, and an e-learning course (EAD) of the Campo Limpo System.

In 2017, 47 educational institutions from all over Brazil participated in the program, involving more than 3,800 students.

E-LEARNING

inpEV offers a Campo Limpo System e-learning course on its website free of charge, which contains information on the legislation that regulates the disposal of empty crop protection packaging, the responsibilities of each link of the chain involved, the work done by the receiving units and proper final disposal (recycling or incineration). Students who finish the course can print a certificate of participation.

The EAD was released in 2007 on its web version and redesigned in 2015. Since then, it was accessed by students from 26 states of Brazil, among which are farmers, college students, agricultural inspectors, employees of member companies, entrepreneurs, traders and distributors, among others.



2017 DNCL celebrations at the Petrolina, PE, receiving unit, managed by the Agribusiness Commerce Association of the São Francisco Valley (Acavasf).



Bales of empty crop protection packaging leave the Rondonópolis, MT, central unit to be recycled.



Logistics

GRI G4-EN25, G4-EN30

inpEV adopts practices in its transportation logistics that contribute with the environment and reduce costs



During 2017, the Campo Limpo System was responsible for 12,342 trucks hauling crop protection packages

The Campo Limpo System adopts return shipping. The same vehicle that delivers crop protection products from manufacturers to farmers, distributors and cooperatives, transports the empty packages from the receiving units to recyclers and incinerators. In addition to the environmental benefits, this type of shipping reduces costs by approximately 45% since only shipment to the destination is paid for. In addition, it reduces the amount of traveling vehicles, thus emitting less pollutants while taking advantage of the return of trucks to their place of origin.

It also contributes to reduce risks, since truck drivers qualified to transport full packages are more specialized.

The materials considered as hazardous waste transported by the System are non-washable packages, those not properly washed by farmers and post-consumption scrap. The process for hauling these items is standardized according to the current legislation.





The return shipment contributes to reduce Logistics costs.



Economic feasibility

GRI G4-9, G4-EC1

inpEV's management focuses on reducing costs and increasing efficiency

Campo Limpo Plastic Transformation and Recycling S.A. was conceived by inpEV in 2008 and is currently one of the recycling partners of the Campo Limpo System.



Created by the agro-chemical industry to fulfill the responsibility of the environmentally adequate disposal of empty crop protection packaging, inpEV has as its main source of funding the contributions of member companies. Accreditation fees of partnering recyclers of the Campo Limpo System also comprise the revenue, besides fees to cover costs of the receiving units and lease of the Campo Limpo Plastic Transformation S.A.

Management is focused on cost reduction and increased efficiency, while at the same time seeking

to capture value from the chain managed by the institute and the expansion of its operations. Adding value to recycling is a form of capturing and reverting value to mitigate the System costs. Since 2008, Campo Limpo Plastic Recycling and Transformation, and more recently, in 2015, Campo Limpo Plastic Lids and Resins, have acted as recyclers of the Campo Limpo System, manufacturing and commercializing new crop protection packaging from plastic recycled from the System.

Economic-financial performance

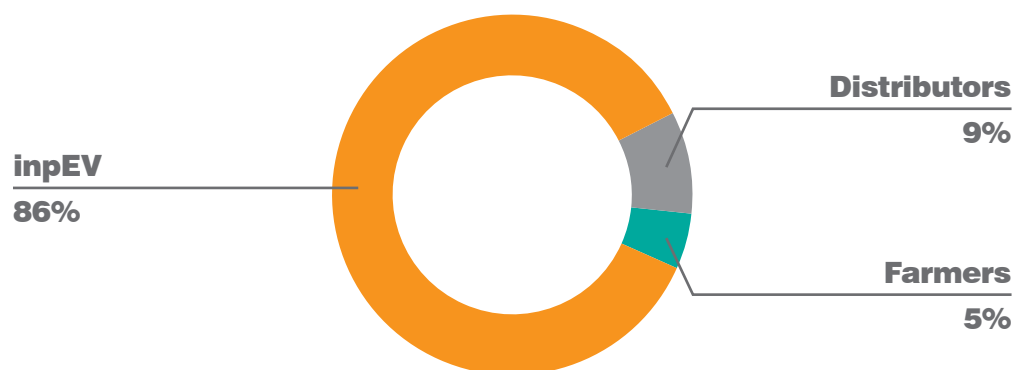
	2015	2016	2017
Total assets (R\$ million)	101.6	96.0	101.1
Total resources that fund the program (inpEV + links of the chain) accumulated since 2002 (in million R\$)	910	1,006	1,129
Net revenue of Activities (R\$ million)	115.6	116.0	126.5
Member contributions (R\$ million)	61	61	67
Accreditation fees ¹ (R\$ million)	13	12	14
Campo Limpo Lease ² (R\$ million)	6	7	7
Net equity (R\$ million)	77	79	84
Net indebtedness ³ (R\$ million)	1	1	2

Note:

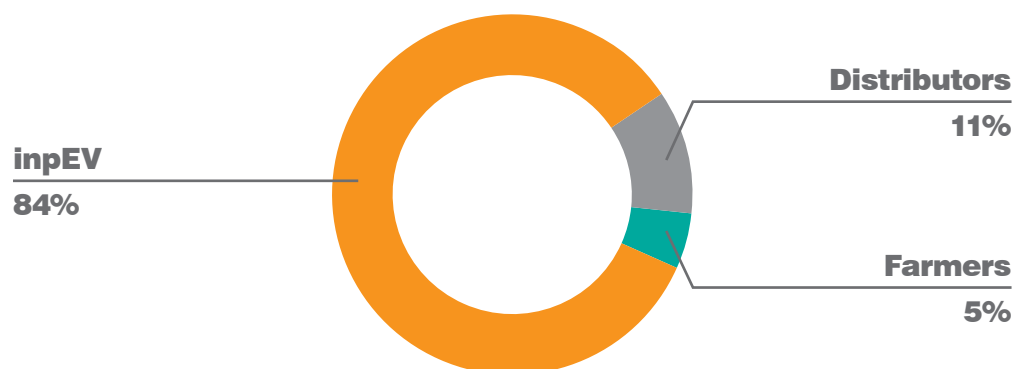
1. Paid by recyclers for sending the packages and for the technical cooperation with inpEV.
2. Rent paid by Campo Limpo Plastic Transformation and Recycling to inpEV.
3. Only obligations with suppliers are considered, excluding obligations with receiving units.

Investments in the Campo Limpo System

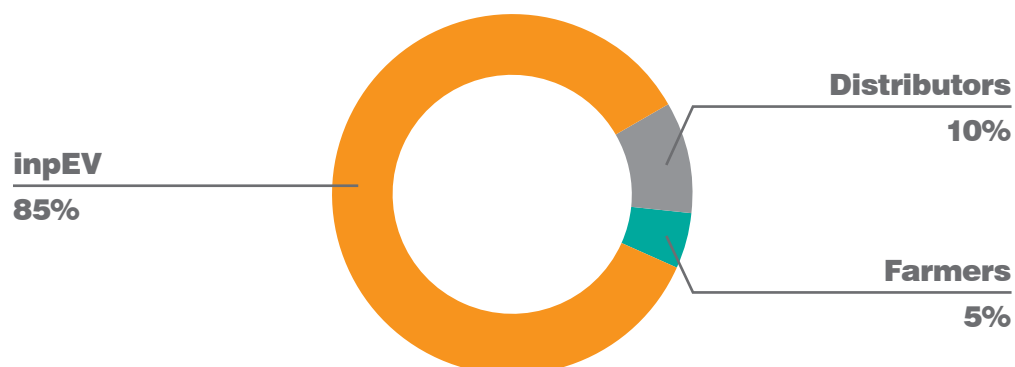
2017



2016



2015



Materiality

matrix

GRI G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27

The materiality matrix presents the topics that are relevant both to stakeholders (relationship parties) and senior management of an organization. While the former reflect the external perception of such an entity, senior management expresses its day-to-day reality. The materiality matrix, therefore, brings a blend of both viewpoints.

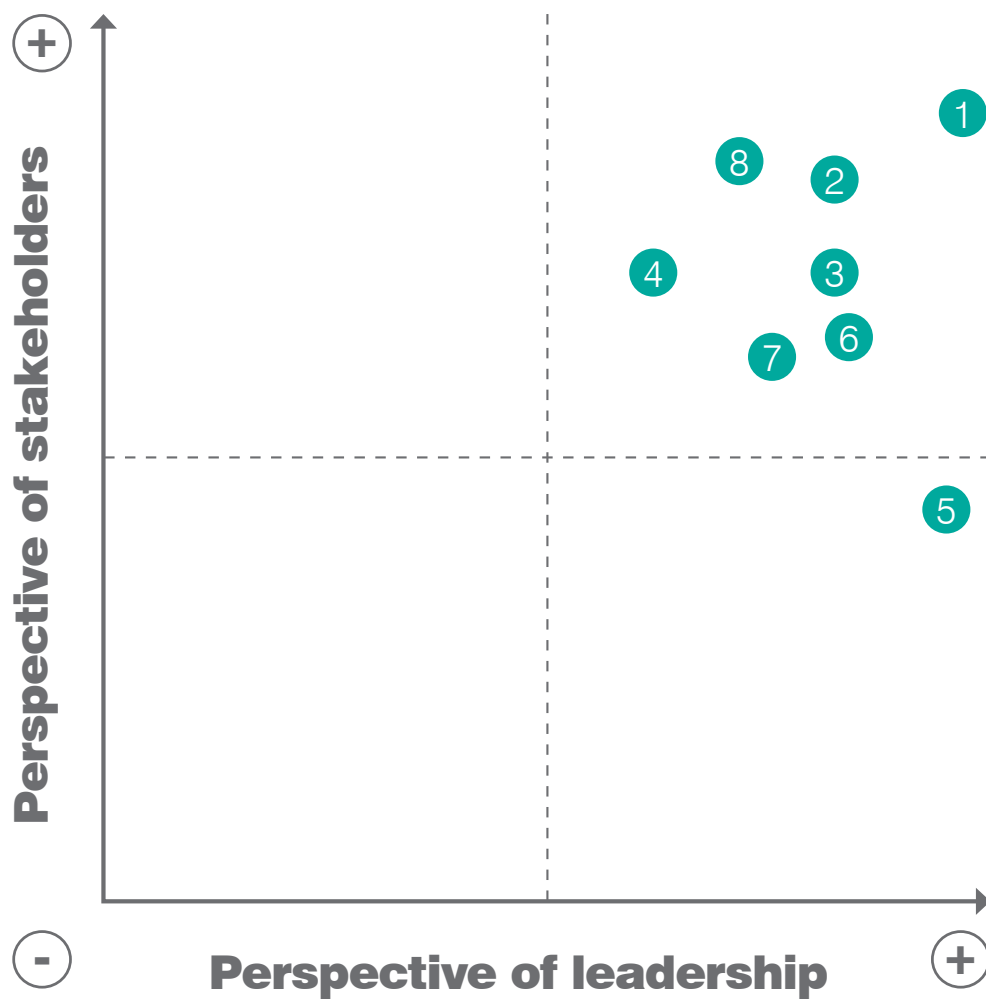
The inpEV matrix presents eight material themes that are relevant to all stakeholders of the Institute. In order to define it, a process divided into identification, prioritization, and strategic validation steps was adopted.

The stakeholders consulted by inpEV in this process were the CEO, the Institute managers, third-party experts, employees and member entities.

Material topics

- 1 Education and awareness
- 2 Operational expansion
- 3 Operational eco-efficiency
- 4 Logistics
- 5 Economic feasibility
- 6 Multistakeholder dialog and cooperation
- 7 Human development
- 8 Innovation & technology

Materiality matrix of inpEV



Summary

of the GRI G4 contents

GRI G4-32

Indicator	Description	Observations	Page in report	External check
GENERAL STANDARD CONTENTS				
STRATEGY & ANALYSIS				
G4-1	Message from the president		4	No
G4-2	Description of main impacts, risks and opportunities		4	No
ORGANIZATIONAL PROFILE				
G4-3	Name of organization		9	No
G4-4	Main brands, products and/or services		9	No
G4-5	Location of the organization's headquarters		11	No
G4-6	countries in which the organization operates and in which its main operations are located		9	No
G4-7	Nature of ownership and legal form of organization		9	No
G4-8	Report the markets in which the organization operates (with geographical breakdown, sectors covered and types of customers and beneficiaries)		9	No
G4-9	Size of the organization		11, 68	No
G4-10	Employee profile		48	No
G4-11	Percentage of employees covered by collective bargaining agreements		48	No
G4-12	Description of the organization's supply chain		30	No
G4-13	Main changes regarding size, structure, shareholder equity or supply chain	In March, 2017, the inpEV headquarters changed its address in São Paulo. Its main office, previously in the Pinheiros district, was relocated to the Brooklyn region, located at Avenida Roque Petroni Júnior, 850.		No
G4-14	Report if and how the organization adopts the precaution principle or approach	inpEV does not directly adopt the precaution principle, but manages the risks of its activities.		No

Indicator	Description	Observations	Page in report	External check
G4-15	List the letters, principles or other externally developed initiatives of an economic, environmental and social nature that the organization subscribes to or endorses		40	No
G4-16	List participation in associations (for example, trade associations) and national/international organizations		10	No
IDENTIFIED MATERIAL ASPECTS AND LIMITS				
G4-17	Entities included in consolidated financial statements or equivalent documents of the organization	Besides inpEV, the financial statements include the six receiving units under direct management of the Institute: <ul style="list-style-type: none"> • Boa Vista do Incra, RS; • Taubaté, SP; • Unaí, MG; • Rondonópolis, MT; • Alto Parnaíba, MA; • Uruçuí, PI. 		No
G4-18	Process to define the report content and limit		72	No
G4-19	Material aspects identified during the report content definition process		72	No
G4-20	Aspect limit within the organization		72	No
G4-21	Aspect limit outside the organization		72	No
G4-22	Effects of prior information reformulations provided in prior reports and rationale for such reformulations	There were no reformulations arising from acquisitions, period/base year and measurement methods, nor in the nature of the Institute. In case reformulations of any other nature exist, they will be indicated in the notes, along with the indicators.		No
G4-23	Significant changes in relation to periods covered by previous reports with regards to scope and aspect limits	Any significant changes are indicated in notes along with the indicators to which they refer.		No
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged by the organization		72	No
G4-25	Basis to identify and select stakeholders with which to engage		72	No
G4-26	The approach adopted by the organization to involve stakeholders, including frequency of their engagement broken down by type and by group, with an indication that some engagement has been specifically promoted as part of the report preparation process		72	No

Indicator	Description	Observations	Page in report	External check
G4-27	Main topics and concerns raised during stakeholder engagement and measures adopted to address these topics and concerns, including during the process of reporting them. Report of the stakeholder groups that raise each of the issues and concerns mentioned		72	No
REPORT PROFILE				
G4-28	Period covered by the report		2	No
G4-29	Date of the most recent previous report		2	No
G4-30	Report issuance cycle		2	No
G4-31	Contact information		2	No
G4-32	Report the “in agreement” option chosen by the organization. Report the GRI Table of Contents for the chosen option. Present the reference of the External Verification Report in case the report has been subject to such verification		2	No
G4-33	Report the current policy and practice adopted by the organization to submit the report to external verification	This report has not been submitted to an external third party verification (external audit). It was, however, presented to the General Assembly of Members and to the Board of Directors, formed by the inpEV CEO and by 13 full members – representatives of manufacturing companies elected in the Assembly and sector entity representatives.		No
GOVERNANCE				
G4-34	Report the governance structure of the organization, including committees from the highest governance organ. Identify any committees responsible for advising the council in making decisions which have economic, environmental and social impacts		14	No
ETHICS AND INTEGRITY				
G4-56	Describe the values, principles, behavioral standards and norms of the organization, such as codes of conduct and ethics.	inpEV does not have an executive level position, or positions with responsibility for the behavioral values, principles, norms and standards adopted by the organization.	8, 18	No
CATEGORY: ECONOMIC				
G4-DMA	Management approach		Chapter: Economic feasibility	

Indicator	Description	Observations	Page in report	External check
ECONOMIC PERFORMANCE				
G4-EC1	Directly generated and distributed economic value, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments		68	No
G4-EC4	Financial assistance received from the government	inpEV does not receive any financial assistance from governments nor funds from credit agencies.		No
CATEGORY: ENVIRONMENTAL				
G4-DMA	Management approach		Chapter: Operational eco-efficiency and Logistics	
ENERGY				
G4-EN3	Energy consumption within the organization		43	No
WATER				
G4-EN8	Total water drawn per source		43	No
EMISSIONS				
G4-EN19	Reduction in greenhouse gas emissions		42	No
EFFLUENTS AND WASTE				
G4-EN23	Total weight of waste, per disposal type and method		34	No
G4-EN25	Weight of transported, imported, exported or treated waste considered hazardous under the terms of the Basel Convention 2, annex i, ii, iii, and viii, and percentage of waste loads shipped Internationally	inpEV does not export nor import hazardous waste.	65	No
PRODUCTS AND SERVICES				
G4-EN27	Extension of mitigation of products and services environmental impact		40	No
G4-EN28	Percentage of recovered products and packages compared to the total products sold, per product category		40	No
COMPLIANCE				
G4-EN29	Value of significant monetary fines and total number of non-monetary sanctions arising from legal and environmental regulatory non-compliances		40	No

Indicator	Description	Observations	Page in report	External check
TRANSPORTATION				
G4-EN30	Significant environmental impacts involving transportation of products and other goods and materials used in the organization's operations, as well as in the transportation of its employees		40	No
MISCELLANEOUS				
G4-EN31	Total investments and expenses with environmental protection, discriminated by type		43	No
COMPLAINT MECHANISMS RELATING TO ENVIRONMENTAL IMPACTS				
G4-EN34	The number of complaints related to recorded, processed and solved environmental impacts by means of formal mechanism		40	No
CATEGORY: SOCIAL - LABOR PRACTICES AND DECENT WORK				
G4-DMA	Management approach		Chapter: Human development	
HEALTH AND SAFETY AT WORK				
G4-LA6	Types and rates of injuries, occupational diseases, lost time, absenteeism and number of work-related deaths, broken down by region and gender		53	No
TRAINING AND EDUCATION				
G4-LA9	Average training hours per year per employee, broken down by gender and functional category		51	No
CATEGORY: SOCIAL - HUMAN RIGHTS				
G4-DMA	Management approach		Chapter: Human development	
INVESTMENTS				
G4-HR2	Total number of employee training hours on human rights policies or procedures related to Aspects of human rights relevant to the organization's operations, including the percentage of trained employees		51	No

Indicator	Description	Observations	Page in report	External check
CATEGORY: SOCIAL – SOCIETY				
G4-DMA	Management approach		Chapter: Multistakeholder dialog and cooperation, Education and awareness, Corporate governance	
LOCAL COMMUNITIES				
G4-SO1	Percentage of operations with local community engagement, impact assessment and local development programs		57	No
FIGHT AGAINST CORRUPTION				
G4-SO4	Communication and training on policies and procedures to fight corruption		18, 19	No
COMPLIANCE				
G4-SO8	Value of significant monetary fines and total number of non-monetary sanctions arising from legal and regulatory non-compliances	No fines nor non-monetary sanctions were imposed upon inpEV nor any of its subsidiaries due to non-conformance with laws and regulations.		No
COMPLAINT MECHANISMS RELATED TO IMPACTS ON SOCIETY				
G4-SO11	Number of complaints related to recorded, processed and solved social issues by means of formal mechanism	In 2017, four complaints about impacts on society were reported. All of them have been processed and resolved. The reporting was done via the Contact Us channel on our website and via the inpEV phone.		No
CATEGORY: SOCIAL - RESPONSIBILITY FOR PRODUCTS				
G4-DMA	Management approach		Chapter: Safety and continuous improvement at SCL	
CLIENT HEALTH AND SAFETY				
G4-PR1	Percentage of significant products and services categories for which health and safety impacts are assessed in order to seek improvements.		33	No
COMPLIANCE				
G4-PR9	Significant monetary fine values applied due to non-conformities with laws and regulations relating to the supply and use of products and services	No fines were imposed upon inpEV nor its subsidiaries due to non-conformities with laws and regulations relating to the supply and use of products and services.		No



Attachments



How to join inpEV?

Manufacturing industries, registrants or importers of crop protection and similar products duly registered according to Federal Law 7802/89 can become members of inpEV provided that, at the time of registration (a) they manufacture (directly or indirectly by means of “tolling” contract), formulate or import at least one crop protection product already commercialized in the Brazilian market; and (b) are the titleholders of the manufacturing, formulation or import rights relating to the registration of said product before the competent organ.

The company must contact inpEV by e-mail or phone to receive the information necessary to schedule an in-person meeting. During this meeting the inpEV reverse logistics system will be explained, as well as the membership procedures, internal processes and costs.

The membership proposal is submitted to the Board of Directors once a month for final approval.

inpEV Members

ASSOCIATED COMPANIES

Adama Brasil S/A

ADM do Brasil Ltda.

ASSOCIATED COMPANIES

AGRIVALLE Brasil Indústria e Comércio

AGROCETE INDUSTRIA DE FERTILIZANTES LTDA

ASSOCIATED COMPANIES

AGROFRESH BRASIL LTDA

AGROVANT Comércio de Produtos Agrícolas Ltda.

ALAMOS DO BRASIL LTDA

ALLIERBRASIL Agronomia Ltda.

ALTA - América Latina Tecnologia Agrícola Ltda

AMERIBRÁS Indústria e Comércio Ltda.

AMVAC do Brasil Representações Ltda.

ANASAC BRASIL Comércio e Locação de Máquinas Ltda.

Andermatt do Brasil Soluções Biológicas

ARYSTA LIFESCIENCE do Brasil Indústria Química e Agropecuária S/A

ALBAUGH Agro Brasil Ltda

NITRAL Urbana

ATTA-KILL Ind. E Com. de Def. Agric. Ltda.

AVGUST CROP PROTECTION IMPORTAÇÃO E EXPORTAÇÃO LTDA

Ballagro Agro Tecnologia Ltda

BAYER S/A

Bequisa Indústria Química do Brasil Ltda

BIO CONTROLE Métodos de Controle de Pragas Ltda.

BIOCONTROL Sistema de Controle Biológico Ltda

BIOTECH Controle Biológico Ltda.

BIOVALENS Ltda

BRA Defensivos Agrícolas Ltda.

CCAB Agro S/A

ASSOCIATED COMPANIES

CHEMOTÉCNICA do Brasil Ltda.

COPALLIANCE - Cooperativa de Consumo de Produtos Agropecuários, Importação, Exportação e Comércio Ltda

CROPChem Ltda.

CROSS LINK Consultoria e Comércio Ltda.

DALNEEM Brasil Com. de Prod. Agropecuários Ltda.

DE SANGOSSE LA LTDA.

Degesch do Brasil Indústria e Comércio Ltda.

DINAGRO Agropecuária Ltda.

DOW AGROSCIENCES Industrial Ltda.

DU PONT do Brasil S/A

EVONIK Degussa Brasil Ltda.

FÊNIX Agro Pecus Industrial Ltda.

FMC Química do Brasil Ltda.

FORQUÍMICA Agrociencia Ltda

HELM do Brasil Mercantil Ltda.

IHARABRÁS S/A Indústrias Químicas

INDÚSTRIA QUÍMICA DIPIL LTDA

INQUIMA LTDA

IRRIGAÇÕES Dias Cruz Ltda.(KEEP DRY)

ISAGRO BRASIL Comércio de Produtos Agroquímicos Ltda.

ISCA Tecnologias Ltda.

KOPPERT DO BRASIL HOLDING LTDA

Laboratório de Biocontrole Farroupilha Ltda

ASSOCIATED COMPANIES

Landevo Quimica do Brasil Ltda

LUXEMBOURG BRASIL COMÉRCIO DE
PRODUTOS QUÍMICOS LTDA.

Macdermid Agricultural Solutions Comércio de
Produtos Agrícolas Ltda

MACROSEEDS Indústria e Comércio de Insumos
Agrícolas Ltda

MASTERBOR Indústria e Comércio de Produtos
Químicos Ltda

MICROQUÍMICA Indústrias Químicas Ltda.

MICROSAL Indústria e Comércio Ltda.

MITSUI & CO (Brasil) S/A

Momentive Performance Materials Indústria de
Silicones Ltda. (Ex GE OSI)

MONSANTO do Brasil Ltda.

MORSOLETTO Santos e Vicente Cano Ltda

Nichino do Brasil Agroquímicos Ltda

NORTOX S/A

NOVOZYMES BIOAG PRODUTOS PARA
AGRICULTURA LTDA

NUFARM INDÚSTRIA QUÍMICA E FARMACÊUTICA
S.A

OURO FINO QUÍMICA LTDA

OXIQUÍMICA Agrociência Ltda.

OXON BRASIL DEFENSIVOS AGRICOLAS LTDA

PACKBLEND INDÚSTRIA E COMÉRCIO DE
LUBRIFICANTES

ASSOCIATED COMPANIES

PB Brasil Ind. E Comércio de Gelatinas Ltda

PETROBRÁS Distribuidora S/A.

PILARQUIM BR Comercial Ltda.

PLATO do Brasil Comércio Ltda.

POLAND Química Ltda.

PRENTISS Química Ltda.

PROMIP Manejo Integrado de Pragas Ltda

PROPHYTO Comércio e Serviços Ltda.

PROREGISTROS Registros de Produtos Ltda

Proventis Lifescience Defensivos Agrícolas Ltda

PRTrade Tecnologia e Indústria Química e
Farmacêutica Ltda.

RAINBOW Defensivos Agrícolas Ltda

RIZOFLORA Biotecnologia Ltda

ROTAM DO BRASIL Agroquímica e Produtos
Agrícolas Ltda.

SABERO Organics América S/A

SABERO Organics América S/A

SHARDA DO BRASIL Comércio de Produtos
Químicos e Agroquímicos Ltda

SIMBIOSE Indústria e Comércio de Fertilizantes e
Insumos Microbiológicos Ltda.

SINON do Brasil Ltda.

SIPCAM NICHINO BRASIL S.A

Stockton - Agrimor do Brasil

STOLLER do Brasil Ltda.

ASSOCIATED COMPANIES

SUMITOMO Chemical do Brasil Representações Ltda.

SYNGENTA Proteção de Cultivos S/A

TAGROS Brasil Comércio de Produtos Químicos Ltda

TAMINCO do Brasil Produtos Químicos Ltda.

TECNOMYL BRASIL Distribuidora de Produtos Agrícolas Ltda

TERRA NOSSA Indústria, Comércio, Importação e Exportação de Fertilizantes Ltda

TRADECORP do Brasil Com.de Insumos Agrícolas Ltda

TUNDRA Agroindustrial Ltda.

ASSOCIATED COMPANIES

TZ Biotec Ltda

UNIBRÁS Agroquímica Ltda

UNION Agro Ltda.

UNITED PHOSPHORUS DO BRASIL LTDA.

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S/A

VectorControl Indústria e Comércio de Produtos Agropecuários Ltda

Vittia Fertilizantes e Biológicos Ltda.

W. NEUDORFF Serviços de Agricultura do Brasil Ltda.

AGECOM Produtos de Petróleo Ltda.

Partnering

incinerators and recyclers

RECYCLERS

Legal Name	City	State
PLASTIBRÁS Indústria e Comércio Ltda.	Cuiabá	MT
CIMFLEX Ind. e Comércio de Plásticos Ltda	Maringá	PR
VALPASA Indústria de Papel Ltda	Tangará	SC
VASITEX Vasilhames Ltda.	Guarulhos	SP
DINOPLAST Indústria e Comércio de Plásticos Ltda	Louveira	
ECO PAPER Produtos em Papel Ltda	Pindamonhangaba	
GLOBAL STEEL Transporte e Comércio de Ferro e Aço Eireli.	Piracicaba	
CAMPO LIMPO Tampas e Resinas Plásticas Ltda	Taubaté	
CAMPO LIMPO Reciclagem e Transformação de Plástico S.A.	Taubaté	
TUBOLIX Embalagens Ltda.	Tietê	
NOVOFLEX Indústria e Comércio de Produtos Plásticos Ltda.	Várzea Paulista	

INCINERATORS

Incinerators	City	State
ECOVITAL Central de Gerenciamento Ambiental S.A.	Sarzedo	MG
NEOTECH Soluções Ambientais LTDA	Uberaba	
Clariant S.A.	Suzano	SP
ESSENCIS Soluções Ambientais S.A.	Taboão da Serra	

Financial

statements at December 31, 2017 and independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Associates and Managers
Instituto Nacional de Processamento de
Embalagens Vazias - inpEV

OPINION

We have audited the accompanying financial statements of Instituto Nacional de Processamento de Embalagens Vazias - inpEV ("Institute"), which comprise the balance sheet as at December 31, 2017 and the statements of surplus, changes in net worth and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Instituto Nacional de Processamento de Embalagens Vazias - inpEV as at December 31, 2017, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

BASIS FOR OPINION

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Institute in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud could involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Institute to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, February 23, 2018

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcos Magnusson de Carvalho
Contador CRC 1SP215373/O-9

Balance sheet at December 3 – All amounts in thousands of reais

Assets	2017	2016	Liabilities and net worth	2017	2016
Current assets			Current liabilities		
Cash and cash equivalents (Note 6)	39,384	34,012	Accounts payable	1,665	1,133
Accounts receivable (Note 7)	7,903	5,814	Payables to centers and stations (Note 12)	2,105	6,591
Advances granted (Note 8)	6,264	8,924	Centers surplus (Note 13)	2,600	2,292
Prepaid expenses	111	86	Salaries and social charges	3,017	2,481
			Taxes payable	344	331
	53,662	48,836	Provision for contingencies (Note 14)	48	53
			Advances from associates (Note 15)	6,536	4,402
Non-current assets					
Long-term receivables				16,315	17,283
Security deposit for rent (Note 9)	77	137			
Property and equipment (Note 10)	46,928	46,646	Non-current liabilities		
Intangible assets (Note 11)	393	407	Provision for contingencies (Note 14)	287	158
	47,398	47,190	Total liabilities	16,602	17,441
			Equity (Note 16)		
			Net worth	84,458	78,585
Total assets	101,060	96,026	Total liabilities and net worth	101,060	96,026

The accompanying notes are an integral part of these financial statements.

Statement of surplus Years ended December 3 – All amounts in thousands of reais

	2017	2016
Net revenue from activities (Note 17)	126,547	115,976
Expenses with activities		
General and administrative (Note 22)	(123,617)	(118,521)
Other gains (losses), net	83	(36)
Provision for impairment of accounts receivable, net of reversals (Note 7 and Note 22)	(5)	98
	(123,539)	(118,459)
Operating surplus (deficit)	3,008	(2,483)
Finance costs (Note 23)	(816)	(1,019)
Finance income (Note 23)	2,768	4,090
Finance income, net	1,952	3,071
Surplus for the year	4,960	588

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity – All amounts in thousands of reais

	Net worth	Reserve for new associates	Accumulated surplus	Total
At January 1, 2016	77,145			77,145
Surplus for the year			588	588
Affiliations of new associates (Note 16)		852		852
Allocation of surplus for the year	588		(588)	
At December 31, 2016	77,733	852		78,585
Surplus for the year			4,960	4,960
Affiliations of new associates (Note 16)		913		913
Allocation of surplus for the year	4,960		(4,960)	
At December 31, 2017	82,693	1,765		84,458

The accompanying notes are an integral part of these financial statements.

Statement of cash flows Years ended December 3 – All amounts in thousands of reais

	2017	2016
Cash flows from operating activities		
Surplus for the year	4,960	588
Adjustments		
Depreciation and amortization	7,284	6,943
Net book value of property and equipment and intangible assets disposals	50	163
Provision for net contingencies	1,935	1,822
Reversal of provision for impairment of accounts receivable	5	(98)
	14,234	9,418
Changes in assets and liabilities		
Accounts receivable	(2,094)	(650)
Advances granted	2,660	(2,603)
Prepaid expenses	(25)	90
Judicial deposits	(1,811)	(2,196)
Security deposit for rent	60	(76)
Accounts payable	532	(94)
Accounts payable to centers and stations	(4,486)	2,563
Centers surplus	308	369
Salaries and social charges	536	66
Taxes payable	13	37
Advances from associates	2,134	(9,541)
Net cash provided by (used in) operating activities	12,062	(2,617)
Cash flows from investing activities		
Acquisitions of fixed assets and intangible assets	(7,603)	(3,135)
Net cash used in investing activities	(7,603)	(3,135)
Cash flows from financing activities		
Contributions from new affiliations	913	852
Net cash inflow from financing activities	913	852
Net increase (decrease) in cash and cash equivalents	5,372	(4,900)
Cash and cash equivalents at the beginning of the year	34,012	38,912
Cash and cash equivalents at the end of the year	39,384	34,012

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Instituto Nacional de Processamento de Embalagens Vazias (“inpEV” or “Institute”) (National Institute for Processing Empty Containers), headquartered in São Paulo, was founded on December 14, 2001, for an indefinite period. The Institute is a private non-profit organization whose objective is to manage the disposal of empty agrochemical and similar containers in Brazil, provide manufacturers, distributors and farmers with support and guidance in the fulfillment of their legal responsibilities, promote education and awareness about the protection of the environment and human health and support the technological development of agrochemical and similar containers.

In order to achieve those objectives, the Institute fundamentally depends on the contributions made by the associates.

In accordance with current legislation, the Institute benefits from certain federal tax exemptions because it is an association-type entity.

Law 9,718 of December 1998 established the rules for those entities that are exempt from the payment of income tax (such as the Institute) and social contribution. According to this law, in order to maintain the tax exemption, the Institute cannot have a surplus for the year, or if there is a surplus, it must be fully allocated to the maintenance and development of the Institute's social purposes.

At December 31, 2017, 108 agrochemicals manufacturers in Brazil were associates of the Institute (2016 - 103 associated companies).

1.1. Business model description

The Institute, which represents the agrochemicals industry, has the legal responsibility to carry out the proper disposal of empty agrochemical containers.

In order to achieve this, units for the receipt of empty containers were created to collect containers coming from rural areas, which the Institute subsequently disposes of in the proper environmental manner.

After being delivered to the Empty Container Receiving Units (UREs) (units or centers managed by dealer associations), the Institute becomes responsible for the final disposal of these empty containers, which may be recycled or incinerated, depending on their technical characteristics.

The Institute enters into agreements with recycling companies for the purposes of technical and operational cooperation regarding the recycling of materials from empty containers of phytosanitary products received at the UREs, whenever recycling is possible.

The containers are sent for recycling by the Centers, under the responsibility of the Institute, through a simple shipping operation performed by the receiving center to the recycling company.

(a) Accreditation fee for recycling companies

The Institute receives an accreditation fee from recycling companies, which corresponds to (i) the transfer of know-how to the recycling companies regarding the utilization of empty containers from agrochemical industries in the development of new products; and (ii) training sessions offered to employees of recycling companies concerning the proper handling of empty phytosanitary containers.

(b) Contributions to the costing of UREs

In addition, the recycling companies make payments to the Institute for the containers received as contributions to the costing of UREs. The contributions to the costing of UREs are used as a re-

imbursement for the costs incurred by collection centers and units when receiving empty containers and preparing them for final disposal.

This contribution made to the Institute by the recycling companies is transferred to dealer associations (responsible for the management of UREs) as reimbursement for expenses and costs incurred when preparing empty containers for final disposal, through a strict periodic accounting process.

Management carried out, together with its lawyers, an in-depth analysis of the Institute's business model and, as from December 2009, made changes in its processes, one of which consisting of the dealer associations delivering empty containers to recycling companies for just a symbolic amount and with the issue of a simple shipping invoice.

The accreditation fees and contributions to the costing of UREs are calculated based on the product weight delivered to the recycling companies and represent, respectively, about 30% to 40% and 60% to 70% of the volume of processed products.

(c) Allocation of resources

While the contributions to the costing of UREs are periodically transferred to dealer associations for the maintenance of URE operations, the resources obtained as accreditation fees from recycling companies were allocated to the expansion of assets owned by the Institute and leased to Campo Limpo - Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."), whose stockholders are associates of the Institute (Note 1.4), in the city of Taubaté, state of São Paulo.

(d) Centers surplus

The finance result from the shipment of empty containers made by the receipt centers to the recycling companies, excluding the costs shared between the Institute

and the dealer associations are, in general, deficits. However, due to the improvements in the operating processes and growth in the volume of empty containers, it is possible that in certain months the centers have a surplus that might offset a deficit of prior months. After the deficit amounts are offset, in cases where the final result is a surplus, the Institute accounts for it as "Centers surplus". Since the Institute is responsible for managing the financial resources, the balances from the "Centers surplus" are controlled in a specific current account and identified individually per the related centers.

The agreements the Institute enters with the dealer associations establish that the centers with surplus will have the right to use it, upon mutual consent with the Institute, in the following order:

- 1st - Improvements (expansion, renovation, and necessary equipment) in the Receiving Unit;
- 2nd - Construction of stations and improvements (expansion, renovation, and necessary equipment) in the stations managed by the association of dealers;
- 3rd - Improvements in the Receiving Units (Centers) which comprise the package destination system in the same State;
- 4th - Improvements in the Empty Container Receiving units in the same State;
- 5th - Improvements in the Receiving Units and Rural Stations according to the aforementioned sequence.

(e) Evaluation of taxes levied on the Institute's operations

Together with the analysis of the new business model and, for the purposes of mitigating the risks arising from possible different interpretations about the taxes levied on the operations carried

out by the Institute, management obtained from its lawyers a detailed study on the taxation of its operations. This study includes the matter related to the revenue from the operation of the new shipping model, which is not subject to any taxes or contributions.

1.2. Management of the business units

The management of the Institute is divided into three segments, as follows:

- (a) Basic processes - This comprises the construction, maintenance and granting of subsidies to the UREs; the transportation of empty containers from the stations to the centers and then to the final destination (to be recycled or incinerated); and the costs regarding the final destination of containers for incineration (Note 22).
- (b) Support processes - This comprises the communication and publicity regarding the Institute's operations; the education, training and awareness of interested parties and stakeholders; legal support; and projects for the system self-sustainability (Note 22).
- (c) Administrative process - this segment includes the maintenance of the Institute's administrative area, including all personnel (Note 22).

1.3. Business unit - recycling

With the purpose of providing self-sustainability to the Institute's business model, a recycling unit was constructed to receive parts of the containers sent to the UREs. These parts are used for the manufacture of new plastic containers. In 2008, this group of assets was leased to Campo Limpo Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."). The Institute's investments in the construction, assembly, and expansion of the factory currently amount to R\$ 65,761 (2016 - R\$ 62,510) (Note 10).

1.4. Campo Limpo - Reciclagem e Transformação de Plásticos S.A.

One of the Institute's objectives is to obtain the economic self-sustainability for the reverse logistics program of agrochemicals empty containers. This will be made through the verticalization of the container receipt and destination process. To achieve this, an investment plan has been established as initially structured in the following four stages: 1st - rigid plastic recycling; 2nd - turning rigid plastic into containers; 3rd - recycling of flexible plastic; and 4th - flexible plastic transformation.

In 2006, the Institute's associates approved the implementation of stages 1 and 2, which led to the construction and structuring of Campo Limpo - Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."), whose purpose is to recycle empty containers and manufacture containers with the quality required by the associates, which are manufacturers of phytosanitary products.

At the Annual General Meeting held on April 18, 2011, the associates decided to cancel stages 3 and 4 and to expand stages 1 and 2, making investments in the purchase of blow molding equipment (manufacture of containers).

The expansion of stages 1 and 2 required the purchase of four new blow molding machines, totaling an investment of R\$ 20,000 (unaudited). All of these machines were installed up to December 2013, when the project investments were completed.

In order to make the operations of Campo Limpo S.A. feasible, a lease agreement was entered into with the Institute regarding the assets described in Note 10, with a remuneration for the Institute of about 10% of the net billings of Campo Limpo S.A. (Note 21).

At the general meeting of inpEV associates held on September 19, 2016, investments of R\$ 41,200, aimed at extending the company's activities, were approved for the period from 2017 to 2019, in order to reduce the total cost of the system through the generation of revenues from the lease of property and equipment and the increase of Campo Limpo S.A. results.

1.5. Campo Limpo Tampas e Resinas Plásticas Ltda.

In order to complete the container's life cycle within its chain, on January 24, 2014, Campo Limpo Tampas e Resinas Plásticas Ltda. ("Campo Limpo Tampas") was established, with 99.99% of its quotas held by Campo Limpo S.A. Its purpose is to produce a high-performing sealing system known as Ecocap. Accordingly, the customer will be offered a complete solution with containers (produced by Campo Limpo S.A.) and caps (produces by Campo Limpo Tampas).

For the performance of the operations in Campo Limpo Tampas, the Institute leased a space within Campo Limpo S.A. with a remuneration of 0.5% of its monthly billing.

In 2017, the Institute obtained lease revenue from the Campo Limpo Tampas operations amounting to R\$ 158 (2016 - R\$ 136), which is detailed within "Operating lease agreement" (Note 21).

2. ARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented.

2.1. Basis of preparation

The financial statements have been prepared and are being presented in accordance with account-

ing practices adopted in Brazil, including the provisions of the Brazilian Federal Accounting Council (CFC) Resolution 1,409/12, which approved the Technical Interpretation ITG 2002 - "Non-profit Entities", and the accounting pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

These financial statements were approved by the Institute's Statutory Audit Board and Management on February 23, 2018.

2.2. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value.

2.3. Financial assets

2.3.1. Classification

The Institute classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Institute's loans and receivables comprise "Cash and cash equivalents", "Accounts receivable", "Security deposit for rent" and "Judicial deposits".

2.3.2 Impairment of financial assets

Assets carried at amortized cost

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flow from the financial asset or group of financial assets, and this impact can be reliably estimated.

The criteria used to determine that there is objective evidence of impairment include, among others:

- significant difficulty to receive amounts from the associate;
- default or delinquency in interest or principal payments.

For financial assets recognized at amortized cost, impairment is the difference between the asset's recorded amount and the present value of the estimated future cash flows, discounted at the effective original interest rate of the financial asset. The carrying amount is reduced directly by the impairment loss for all financial assets.

2.4. Accounts receivable

The balances of accounts receivable, represented by the amounts due from associates and relating to

the consideration for the services rendered by the Institute in the course of its business, are recognized initially at transaction value and subsequently measured at amortized cost, less the provision for impairment of accounts receivable.

A provision for impairment of accounts receivable is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables.

The average receipt term of accounts receivable is 30 days.

2.5. Advances granted

Advances granted are represented by funds transferred in advance to collection centers and units with the purpose of supporting short-term cash needs. They are carried at cost.

2.6. Judicial deposits

Judicial deposits are those amounts in local currency deposited in court in a bank account linked to a lawsuit, whose purpose is to ensure the settlement of a possible future obligation and which can only be used after a judicial order. These deposits are monetarily restated according to legal rules and are presented in the balance sheet as a deduction from the provision for contingencies (Note 14).

2.7. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. The carrying amount of the replaced items or parts is derecognized. All other repairs and maintenance are charged to the statement of sur-

plus during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets less their residual values over their estimated useful lives, as follows:

	Years
Buildings	50 - 60
Equipment and installations	10-15
Vehicles	5
Furniture and fittings	12 - 16
Other	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to the recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the net book value and are recognized within "Other gains (losses), net" in the statement of surplus.

2.8. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of all incentives received from the lessor) are charged to the statement of surplus on the straight-line basis over the term of the lease.

2.9. Intangible assets

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

2.10. Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). Non-financial assets other than goodwill that suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.11. Accounts payable

These refer to obligations payable and are substantially represented by expenses incurred by dealer associations for the maintenance of units responsible for the receipt of containers.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the related invoice.

2.12. Provisions

The Institute recognizes provisions when: (a) the Institute has a present legal or constructive obligation as a result of past events; (b) it is probable that a transfer of economic benefits will be required to settle the obligation; and (c) the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate before tax effects that reflects current market assessments of the time

value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

2.13. Employee benefits - bonus

The Institute recognizes a liability and an expense for payment of bonus based on targets achieved by its employees. The bonus is commonly recognized at the end of the year, when the amount can be accurately calculated by the Institute.

2.14. Revenue recognition and related expenses

Revenue comprises the present value of contributions made by associates, revenue of recycling companies (accreditation fee paid by recycling companies, contributions to the costing of UREs), revenue from operating leases and extraordinary contributions made by associates for the investment in Campo Limpo S.A.

The amounts related to the business unit dealing with the management of the reverse logistics systems for empty containers of agrochemicals are recognized as revenue for the year to the extent the costs and expenses with the management of the system are incurred.

(a) Associate contributions

Considering that the contributions of the associates are made for the costing of all expenses with the container receipt, transportation and incineration processes, among others, the amount considered as associate contribution corresponds to the related costs and expenses incurred. Those contributions in excess of the costs and expenses incurred are accounted for in "Advances from associates" in current liabilities.

(b) Accreditation fee for recycling companies

The amount of the accreditation fee paid by recycling companies is calculated based on the containers received and destined for recycling, and is

recognized when the empty containers are effectively delivered to the recycling companies. This amount is equivalent to approximately 30% to 40% of the amount obtained from the containers sent for recycling. The annual contribution of the Institute's associates is reduced by this amount.

(c) Contributions to the costing of UREs

Contributions to the costing of UREs, which correspond to from 60% to 70% of the amount obtained from the containers sent for recycling and applied in the business unit that deals with the management of the reverse logistics systems for empty containers, are recorded when the containers are effectively delivered to the recycling companies and are invested when the UREs (centers and stations) present the costs incurred in the process of preparing the containers to be sent to their final destination.

(d) Operating leases

Operating lease revenue is recorded on the accrual basis based on a percentage of the monthly net revenue of the sales of Campo Limpo S.A. and Campo Limpo Tampas products.

(e) Extraordinary contributions (transfer of dividends of Campo Limpo S.A. associate/stockholders)

These are funds transferred by the Institute's associates (who are also stockholders of Campo Limpo S.A.) arising from dividends paid by Campo Limpo S.A. to the associate-stockholders at the end of each year. Therefore, the Institute recognizes as revenue the amounts approved at the Annual General Meeting of Campo Limpo S.A., which is expected to occur in April of the following year.

The extraordinary contributions are used to reduce the amount of the annual contribution made by the Campo Limpo S.A. associate-stockholders.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Process of management of the final disposal of empty phytosanitary product containers and taxation of the recycling company accreditation fee

Up to November 2009, dealer associations were selling the empty containers to the recycling companies. The Institute received amounts from the recycling companies as an accreditation fee, which was due for the accreditation of the recycling companies, for the transfer of know-how related to the recycling process of plastic residues, for the manufacture of new products from such material and for the training of employees of the recycling companies regarding the proper handling of empty containers of phytosanitary products.

With the purpose of preventing challenges from tax authorities on the sales of containers by the system participants, and considering that the owners of these containers are the manufacturers of the phytosanitary products, the Institute's management, supported by external lawyers, made changes in its business model (Note 1.1.).

With the implementation of the new business model on December 1, 2009, the sales of empty contain-

ers to recycling companies were discontinued, and the amounts that the recycling companies used to pay to dealer associations for the empty containers were incorporated into the amount of contributions to the costing of the UREs and started to be charged directly by the Institute. On the other hand, a portion of such contributions received by the Institute started to be used as a subsidy for some of the costs incurred by those units receiving empty containers, which include dealer associations.

The Institute, based on a study prepared by its external lawyers, understands that no payment of taxes on the container shipping operations is applicable.

(b) Provision for tax and labor contingencies

As described in Note 14, the Institute is challenging in court the Social Contribution on Revenues (CO-FINS) levied on the accreditation fee, in addition to the payment of termination benefits to former employees (own employees and URE employees). Provisions are established for all contingencies referring to litigation that represents probable losses and can be reliably estimated. The assessment of the likelihood of an unfavorable outcome in these lawsuits and administrative proceedings includes the analysis of the evidence available, the hierarchy of the laws, available former court decisions, the most recent court decisions and their importance in the Brazilian legal system, and the opinion of external legal counsel. Management believes that the provisions for tax and labor risks are fairly presented in the financial statements.

4. FINANCIAL RISK MANAGEMENT

4.1. Financial risk factors

The Institute is exposed to finance risks related to credit and liquidity.

(a) Credit risk

The Institute makes financial investments only with prime financial institutions in order to minimize credit risks.

Accounts receivable are comprised of amounts from associates and recycling companies that have not yet been received. When the associate or recycling company is in default (Note 7), the Institute's management starts an out-of-court collection process to receive the outstanding balance and, if it becomes a problem, the Institute's management may file a judicial collection proceeding.

(b) Liquidity risk

This is the risk of the Institute not having liquid funds sufficient to meet its financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

To manage liquidity of cash in local currency, assumptions for future disbursements and receipts are determined, and these are monitored daily by the finance department.

4.2. Capital management

The Institute's objectives when managing capital are to safeguard its ability to continue as a going concern for reinvestment and to maintain a capital structure that is sufficient to meet its short-term obligations.

5. FINANCIAL INSTRUMENTS BY CATEGORY

The Institute's financial assets are represented by cash and cash equivalents (substantially financial investments in investment funds), accounts receivable from associates, security deposit for rent, and judicial deposits. They are all classified in loans and receivables.

Financial liabilities, such as accounts payable, advances from associates and recycling companies and provisions for contingencies, are classified in other financial liabilities.

5.1. Credit quality of financial assets

The Institute's cash and cash equivalents and financial investments are negotiated with financial institutions classified under the following ratings (FICTH):

	2017	2016
Cash and cash equivalents and securities		
Banco do Brasil S.A. - BB - BB	-	3,949
Banco Itaú S.A. - AAA	39,371	30,053
	39,371	34,002

The credit quality of trade receivables is assessed based on the risk of a customer failing to honor payments at the related maturity dates and on the difficulty to recover this receivable through an out-of-court process.

6. CASH AND CASH EQUIVALENTS

	2017	2016
Cash	13	10
Banks - current accounts	7	310
Investment funds ^(*)	39,364	33,692
	39,384	34,012

(*) This amount represents applications in financial investment funds remunerated at 100.64% of the Interbank Deposit Certificate (CDI) rate with Banco Itaú S.A. (2016 - Banco Itaú S.A. and Banco do Brasil S.A., 102.18%).

7. ACCOUNTS RECEIVABLE

	2017	2016
Associate contributions - Agrochemicals	4,362	3,837
Recycling companies		
Accreditation of recycling companies	860	946
Contributions to the costing of UREs	2,791	3,387
Operating lease - Campo Limpo S.A.	1,419	548
Dividends paid to stockholders - Campo Limpo S.A.	2,262	955
Other accounts receivable	87	14
Provision for impairment of accounts receivable	(3,878)	(3,873)
	7,903	5,814

Changes in the Institute's provision for impairment of accounts receivable are as follows:

	2017	2016
Em 1º de janeiro	(3,873)	(3,971)
Adições	(5)	(135)
Baixas por recebimento	-	233
Em 31 de dezembro	(3,878)	(3,873)

The provision for impairment of accounts receivable was recorded in accordance with the following criteria:

- Outstanding balances of associates overdue for more than 90 days.
- Renegotiated debts overdue.

The Institute, after out-of-court collection attempts, through its lawyers decided to file a lawsuit against the associate in default, Fersol Indústria e Comércio Ltda., whose outstanding balance at December 31, 2017 amounted to R\$ 3,667 (2016 - R\$ 3,667).

The amounts receivable by maturity are as follows:

	2017	2016
Not yet due	3,828	2,940
Overdue		
Up to 60 days	4,066	2,860
From 61 to 90 days	10	14
From 91 to 180 days	-	63
From 181 to 360 days	45	70
Over 360 days	3,832	3,740
	11,781	9,687

8. ADVANCES GRANTED

	2017	2016
Advances to centers (i)	4,231	7,419
Advances to units (i)	1,307	939
Advances to employees	64	65
Payroll advances	326	136
Other advances	336	365
	6,264	8,924

(i) According to the agreement entered into with the dealer associations responsible for the management of the collection centers and units dealing with empty containers, effective until November 2009, the Institute assumed a portion of the costs incurred and the related deficit balances. When the new business model became effective (Note 1.1.) in December 2009, the Institute became the manager of the funds generated by the shipping of containers to recycling companies and the reimbursement of all costs incurred by the dealer associations.

Depending on the circumstances, the Institute makes advances to collection centers and units, based on the average of total expenses for the last three months presented by the centers. These advances are recognized in the statement of surplus for the year upon presentation of supporting documentation for the incurred expenditures.

Of the balance of R\$ 4,231 at December 31, 2017, R\$ 1,613 corresponds to amounts prepaid to certain centers, which are in surplus, in accordance with the monthly accountability. However, because these centers are in surplus, they did not use the funds paid in advance for the execution of their activities and, as mentioned in Note 1.1 (d), the Institute has in liabilities, under centers Surplus, balances payable to centers in surplus and which are used according to the previously established hierarchy of use.

9. SECURITY DEPOSIT FOR RENT

The balance of R\$ 77 (2016 - R\$ 137) refers to the security deposit defined in the lease agreement of the property located at Avenida Roque Petroni Júnior, 850, which is the current headquarters of the Institute. This amount will be redeemed at the end of the agreement.

10. PROPERTY AND EQUIPMENT

	Land	Buildings and improvements	Equipment and installations	Vehicles	Furniture and fittings	Other	Total in operation	Construction in progress/ advances	Total property and equipment
At December 31, 2015	431	13,040	36,166	707	328	35	50,707		50,707
Acquisition		29	2,456	354	61	4	2,904		2,901
Disposal			(27)	(121)	(16)		(164)		(164)
Depreciation		(735)	(5,661)	(329)	(65)	(11)	(6,801)		(6,801)
At December 31, 2016	431	12,334	32,934	611	308	28	46,646		46,646
Total cost	431	17,567	58,940	1,573	802	118	79,431		79,431
Accumulated depreciation		(5,233)	(26,006)	(962)	(494)	(90)	(32,785)		(32,785)
Net book value	431	12,334	32,934	611	308	28	46,646		46,646
At December 31, 2016	431	12,334	32,934	611	308	28	46,646		46,646
Acquisition		657	2,127	483	234		3,501	3,948	7,449
Disposal			(21)	(18)	(11)		(51)		(51)
Depreciation		(940)	(5,726)	(351)	(88)	(12)	(7,116)		(7,116)
At December 31, 2017	431	12,051	29,314	725	443	16	42,981	3,948	46,928
Total cost	431	18,224	60,978	1,979	1,001	118	82,733	3,948	86,681
Accumulated depreciation		(6,173)	(31,664)	(1,254)	(558)	(103)	(39,753)		(39,753)
Net book value	431	12,051	29,314	725	443	16	42,981	3,948	46,928

Note 1.3 to the financial statements discloses that the associates established a separate entity denominated Campo Limpo Reciclagem e Transformação de Plásticos S.A. ("Campo Limpo S.A."). The assets of Campo Limpo S.A. were acquired by the Institute and are recorded in the Institute's property and equipment. The cost of these assets at December 31, 2017 amounted to R\$ 65,761 (2016 - R\$ 62,510).

On May 1, 2008, the Institute entered into an agreement with Campo Limpo S.A. for the lease of prop-

erty, industrial equipment, electric, hydraulic and gas installations, tools, vehicles, furniture and fittings, computers and peripherals as well as other assets that are already installed and operating, in addition to other spare equipment attached to the property. Should this agreement not be terminated by one of the parties, it will be effective for ten years and automatically renewed for the same period.

The assets leased to Campo Limpo S.A., included in the table above, are the following:

			2017
Description	Cost	Accumulated depreciation	Net book value
Buildings and improvements	16,831	(5,326)	11,505
Equipment and installations	45,410	(23,700)	21,810
Vehicles	426	(281)	145
Furniture and fittings	535	(359)	176
Construction in progress	2,436		2,436
Other	23	(23)	
	65,761	(29,689)	36,072

			2016
Description	Cost	Accumulated depreciation	Net book value
Buildings and improvements	16,831	(4,666)	12,165
Equipment and installations	44,763	(19,323)	25,440
Vehicles	401	(284)	117
Furniture and fittings	492	(319)	173
Other	23	(23)	
	62,510	(24,615)	37,895

11. INTANGIBLE ASSETS

	Software acquired
At December 31, 2015	315
Addition	235
Disposal	(1)
Amortization	(142)
At December 31, 2016	407
Total cost	1,756
Accumulated amortization	(1,349)
Net book value	407

	Software acquired
At December 31, 2016	407
Addition	154
Amortization	(168)
At December 31, 2017	393
Total cost	1,905
Accumulated amortization	(1,512)
Net book value	393

The intangible assets related to Campo Limpo S.A. at December 31, 2017, included in the table above, are as follows:

Description	Cost	Accumulated amortization	Net book value
Hardware e software	610	(411)	199

12. ACCOUNTS PAYABLE TO CENTERS AND STATIONS

These amounts refer to accounts payable to the receiving units (UREs), that is, centers and stations, due to the operating maintenance shared costs established in the agreement entered into by the Institute and the manag-

ers of such units (dealers), whose balance, at December 31, 2017, amounted to R\$ 2,105 (2016 - R\$ 6,591).

13. CENTERS SURPLUS

As described in Note 1.1. (d), the surplus balance of certain centers, amounting to R\$ 2,600 (2016 - R\$ 2,292), is segregated in a specific financial investment account controlled by each center, and will only be used upon previous approval of the Institute and provided that the hierarchy of priorities, as established in the agreement entered into by the parties, is respected.

14. CONTINGENCIES

The litigations and corresponding judicial deposits are as follows:

	Judicial deposits		Contingency	
	2017	2016	2017	2016
Tax - Social Contribution on				
Revenues (COFINS) (i)	14,978	12,980	15,026	13,034
Labor (ii)		187	287	344
	14,978	13,167	15,313	13,378
Judicial deposits related with litigations	(14,978)	(13,167)	(14,978)	(13,167)
Net amount under litigation			335	211
Less current liabilities			(48)	(53)
Non-current liabilities			287	158

In 2017 and 2016, the changes in the litigations were as follows:

	Tax	Labor	Total
At January 1, 2016	10,971	584	11,555
Complement/additions (iii)	929	20	949
Reversal/write-off		(260)	(260)
Monetary restatement	1,134		1,134
At December 31, 2016	13,034	344	13,378
Complement/additions (iii)	982	287	1,269
Reversal/write-off		(344)	(344)
Monetary restatement	1,010		1,010
At December 31, 2017	15,026	287	15,313

(i) Since 2004, the Institute has generated revenue from accreditation fees, according to agreements entered into with recycling companies. Differently from the Brazilian Federal Revenue Service (RFB), the Institute and its tax lawyers consider that the Social Integration Program (PIS) and the Social Contribution on Revenues (COFINS) should not be levied on these revenues. Accordingly, on July 2, 2004, the Institute filed an inquiry with the Regional Superintendency of Federal Revenue of the 8th Tax Region, in São Paulo, in order to clarify the lack of legal definition about the taxation of PIS and COFINS on other types of revenue (revenue from accreditation fee) of not-for-profit entities, which are exempt of income tax.

The Institute received a positive outcome on June 9, 2008 regarding the PIS taxation, with the confirmation that PIS should be levied only on payroll balances, which has been the Institute's practice since the beginning of its operations, in March 2002.

On the other hand, the Regional Superintendency of Federal Revenue stated that COFINS is to be levied on this type of revenue. The Institute, supported by its tax lawyers, maintained its contrary interpretation to the RFB decision and, on February 2009,

filed for a writ of mandamus in order to assure its right for the non-payment of COFINS on the accreditation fee. This injunction was denied on May 13, 2009.

The sentence handed down in October 2013 denied the Institute's claim and determined in favor of the payment of COFINS. In November 2013, the Institute lodged an appeal with the Federal Regional Court, which is currently pending judgment.

As a preventive measure, and in order to safeguard the original amount of the tax obligation, the Institute deposited in court the total balance of the provisioned amount plus interest and fines, referring to the period from 2004 to December 2017, totaling R\$ 15,026 (2016 - R\$ 13,034). The corresponding judicial deposit is presented as a deduction in liabilities.

Other than the COFINS matter referred to above, based on the opinion of the Institute's external lawyers, and because it is related to the transfer of information and technical knowledge regarding the handling of empty containers up to their final disposal, no further taxes are being levied on the Institute's revenues.

In 2014, the Federal Tax Authorities presented their counterarguments in respect of the Appeal on the merits of the case filed by the Institute, and the case records were sent to the Federal Regional Court (TRF) of the 3rd Region. Currently, the Appeal regarding the merits of the case lodged by the Institute is pending judgment.

(ii) In 2016, a labor provision was recorded for litigation filed by former employees of UREs, for which the lawyers considered the likelihood of loss as probable, as weighted by the Institute's participation.

(iii) The balance of R\$ 982 (2016 - R\$ 929) refers to the taxes to be paid in 2017 deposited in court in relation to a judicial discussion regarding the COFINS levied on the accreditation fee.

(a) Possible losses, not provided for in the balance sheet

During 2016, some labor proceedings were filed by former employees of the UREs, for which the Institute, as joint obligor, regularly carries out a follow-up with its legal area.

The purpose of this follow-up is to advise the dealers, which are the actual employers, in the conducting of their processes. At December 31, 2017, the contingency amounted to R\$ 1,078 (2016 - R\$ 1,567).

In the event of an unfavorable outcome, the Institute will incur the cost in proportion to its contribution in the monthly expenses of these UREs.

Joint obligation for compliance with labor obligations

In 2015, the Federal Labor Prosecution Office (MPT) of Mato Grosso filed a public-interest civil action against the Institute, of approximately R\$ 58,000, questioning the labor obligation in the management of the Sapezal Receiving Unit, which is administered exclusively by the Association of Agronomists of Sapezal (AEASA), and the Institute and the other defendants (manufacturers) were included as joint obligors in the fulfillment of labor obligations.

According to its legal advisors, the attribution of labor joint obligation to the Institute is without merit since there is no type of labor responsibility that could be attributed to the Institute and the other defendants, due to the sharing of environmental obligations in the flow of a reverse logistics chain.

The Institute's management, based on the evaluation of its legal advisors, assessed the risk of loss in this process as possible, and accordingly did not establish any provision in the financial statements at December 31, 2017.

15. ADVANCES FROM ASSOCIATES

Considering that the associated companies contribute for the costing of all expenses with the receipt, transportation and final disposal processes of empty containers, among others, the excess of contributions over costs and expenses incurred is accounted for as advances from associates.

The changes in advances from associates are as follows:

	January 1, 2017	Additions	Reductions	December 31, 2017
Associate contributions (i)	4,400	68,937	(66,803)	6,534
Crop Life Associados - sanitizers	2			2
	4,402	68,937	(66,803)	6,536

(i) The Institute's budget for each year sets out the investments required for expansion, maintenance and improvements in centers and units. The remaining balance at the end of each year corresponds to the portion of investments approved for that year but not yet incurred up to the reporting date.

The contribution additions from associates amounted to R\$ 68,937 and substantially correspond to estimated associate contributions amounting to R\$ 86,802, less the contribution reduction plan amounting to R\$ 15,000 and the dividends distributed to associates that are also stockholders of Campo Limpo S.A. amounting to R\$ 2,865, which is considered as necessary to meet the Institute's activities during 2017.

The reductions in 2017 represent the revenue recognition of the associate contributions of R\$ 66,803 (Note 17).

The remaining balance at December 31, 2017 of R\$ 4,270 (2016 - R\$ 4,400) arises from the commitment to the achievement of the activities of the coming years and commitments entered into with third parties, approved in the 2017 budget, which will be incurred in 2018. The balance of R\$ 2,262 refers to the budget excess to be used in a subsequent period (Note 25).

16. NET WORTH

According to the Institute's articles of association, the net worth, revenues, funds and operational sur-

plus should be fully applied in Brazil, involving the maintenance and development of the Institute's social objectives, and the distribution of profits, dividends, share of results or dilution of a portion of net worth is not allowed under any circumstances.

(a) Reserve for new associates

During 2013, the Board of Directors of inpEV, together with the executive board, discussed the need to charge a fee for membership to the new applicants as a reimbursement for all investments already made by current associates throughout the existence of the Institute.

At the 17th General Assembly of Associates, held on April 14, 2014, the associates approved the following main terms for affiliation of new associates:

(i) One-time payment, in the amount of twenty minimum salaries, due as from the granting of the application for membership by the Board of Directors;

(ii) 1.5% (one and a half percent) of the annual net revenue of the new associate computed on the basis of the agricultural pesticides business, paid for three years and calculated each year of the effective payment as from the first year in which the associate informs that it places packaging on the market directly, if it has not done so since the beginning; and

(iii) 1.5 (one and a half) times the value of the average cost/kilo of packaging ascertained in the annual

inpEV budget multiplied by the number of containers placed by the associate on the market, directly and/or through third parties, paid for five years, and collected from the first year in which the associate informs that it has placed containers on the market (directly and/or through third parties), if it has not done so since the beginning.

The new associates as from January 2014, who began the commercialization of agrochemicals, are now responsible for removing their empty packaging from the environment. Accordingly, they began the process of payment of membership fees, which, in the year ended December 31, 2017, corresponded to the amount of R\$ 913 (2016 - R\$ 852). Considering

that this is a contribution for the affiliation of a new associate, the amounts received are being recorded in net worth under Reserve of new associates.

(b) Plan to reduce contributions

The original self-sustainability project for the Institute included, in the future, the beginning of the reduction of contributions made by associates due to the generation of revenues, pursuant to its business model (Note 1.1.). In an outgoing mail to associates in November 2016, it was informed that the associates' contributions for 2017 decreased by R\$ 15,000 (2016 - R\$ 22,800)

17. NET REVENUE FROM ACTIVITIES

	2017	2016
Associate contributions - agrochemicals (Note 15(i))	84,668	95,463
Recycling company accreditation fee (Note 18)	13,546	12,194
Contributions to the costing of UREs (Note 19)	36,900	35,215
Extraordinary contributions (transfer of dividends of Campo Limpo S.A. associate/stockholders) (Note 20)	3,062	2,268
Operating lease (Note 21)	6,780	6,837
Voluntary work (Management and Statutory Audit Board)	601	578
Other	1	22
	145,558	152,576
Deductions from revenues		
Reduction in the associate contribution (Note 15(i))	(17,865)	(35,553)
COFINS levied on accreditation fee	(631)	(927)
COFINS levied on lease	(515)	(121)
Net revenue from activities	126,547	115,976

18. ACCREDITATION FEE FOR RECYCLING COMPANIES

In 2004, the Institute entered into agreements with recycling companies regarding services of technical and operational cooperation for the recycling of plastic residues. These services include the devel-

opment, training and studies for improvements in the stages of the recycling process.

Because of these agreements, the Institute recorded a revenue in 2017 amounting to R\$ 13,546 (2016 - R\$ 12,194).

19. CONTRIBUTIONS TO THE COSTING OF URES

As from December 2009, with the application of the new model for container shipping, a new form of revenue generated by the recycling company was created as the contributions to the costing of UREs. As described in Note 1.1., revenue from these contributions is used to subsidize the costs incurred by the units receiving the empty containers.

In 2017, revenue from contributions to the costing of UREs totaled R\$ 36,900 (2016 - R\$ 35,215).

20. EXTRAORDINARY CONTRIBUTIONS (TRANSFER OF DIVIDENDS OF CAMPO LIMPO S.A. ASSOCIATE/ STOCKHOLDERS)

As established in the agreement of Campo Limpo S.A. stockholders, the amounts received as dividends by these stockholders, who are mainly associates of the Institute, should be invested in the constant improvement of the operations, logistics and management of final disposal for empty containers of phytosanitary products, including support and orientation activities for the participants of this system.

The management of the Institute recorded the totality of the dividends received from Campo Limpo S.A. amounting to R\$ 3,062 (2016 - R\$ 2,268), considering that the amount relates to revenue from the recycling business.

21. OPERATING LEASE

This lease refers to the agreement for the lease of property, industrial equipment, electric, hydraulic and gas installations, tools, vehicles, furniture and fittings, computer and peripherals and other operating assets attached to the property of Campo Limpo S.A. The lease, amounting to R\$ 6,780, of which R\$ 6,623 is related to "Campo Limpo S.A." and R\$ 157 to Campo Limpo Tampas (2016 - R\$ 6,705 and R\$

132, respectively), corresponds to 10% of the net monthly revenue calculated by the lessee, and the minimum amount is R\$ 50 per month.

The operating lease agreement also comprises a package of services that the Institute renders to Campo Limpo S.A., mainly related to information technology, tax advisory and communication.

The minimum future payments of the non-cancelable operating lease of the plant built by Campo Limpo S.A. in Taubaté, in total and for each of the periods presented below, are as follows:

	2017	2016
Up to one year	8,604	8,049
More than one year and less than five years	68,617	9,902
Over five years	38,836	
	116,057	17,951

Minimum future payments for periods over five years include the receipt of the lease considering ten years (the effective period of the agreement) and the renewal for another ten years, after approval of both parties, totaling 20 years. As established in clause 2.1.1. of the contract, the renewal period shall automatically occur for the same period and under the same conditions, if not challenged by either party, in writing, within 210 (two hundred and ten) days prior to the expected expiration of the lease (May 2, 2018), that is, 10 years. Whereas no parties made any pronouncements prior to the 210-day period, the lease was renewed on December 31, 2017 as well as the Institute's commitment with future payments.

As described in Note 1.4, in 2016, a plan was approved to expand Campo Limpo S.A.'s activities in the approximate amount of R\$ 41,200 to be realized by the Institute, whose objective will be to increase the lease revenue received by the Institute.

The stockholders' agreement is expected to be renewed in 2018 for the same ten-year period as initially agreed.

22. GENERAL AND ADMINISTRATIVE EXPENSES

The Institute's general and administrative expenses are divided into three segments and managed accordingly, as follows:

	2017	2016
Infrastructure	(32,803)	(28,952)
Support process	(5,858)	(6,727)
Basic process	(84,956)	(82,744)
	(123,617)	(118,521)

On the financial statements date, the Institute had the following amounts related to general and administrative expenses:

	2017	2016
Infrastructure		
Facilities	(701)	(564)
Personnel, plus social charges	(18,056)	(15,825)
Voluntary work (Management and Statutory Audit Board)	(601)	(578)
General expenditures (i)	(9,600)	(8,722)
Outsourced services (ii)	(1,630)	(1,117)
Information technology	(1,504)	(1,584)
Institutional	(711)	(562)
	(32,803)	(28,952)
Support process		
Legal (iii)	(906)	(1,027)
Communication, education and campaigns (iv)	(4,434)	(4,658)
Technological development	(267)	(284)
Projects (v)	(251)	(758)
	(5,858)	(6,727)
Basic process		
Operations (vi)	(51,530)	(50,157)
Logistics (vii)	(23,522)	(22,952)
Final destination (viii)	(9,904)	(9,635)
	(84,956)	(82,744)

(i) Refers mainly to depreciation and amortization expenses totaling R\$ 7,262 (2016 - R\$ 6,943) and to expenses with maintenance of property and equipment leased to Campo Limpo S.A. totaling R\$ 1,058 (2016 - R\$ 858).

(ii) Refers mainly to expenses with the following advisory services:

- Tax - R\$ 241 (2016 - R\$ 184)
- Human resources- R\$ 107 (2016 - R\$ 104)
- Internal and external audits - R\$ 363 (2016 - R\$ 696)
- Administrative - R\$ 221 (2016 - R\$ 57)

(iii) Refers to support of external legal advisors during the monitoring of lawsuits in progress, of R\$ 866 (2016 - R\$ 1,027).

(iv) Refers to expenditures with communication, publicity and training events. The balance mainly includes:

- Campaign expenditures - R\$ 547 (2016 - R\$ 535);
- Dia Nacional (National Day) Campo Limpo - R\$ 1,677 (2016 - R\$ 1,770);
- Communication/institutional material - R\$ 578 (2016 - R\$ 439);

- Triple rinsing regional campaign - R\$ 154 (2016 - R\$ 111);
- Outsourced services/communication services - R\$ 523 (2016 - R\$ 594);
- Institutional events - R\$ 349 (2016 - R\$ 526).

(v) Refers to the Institute's activities in connection with the management of projects which were previously approved by the Board Members, mainly the removal of obsolete and inadequate products - R\$ 250 (2016 - R\$ 653).

(vi) Refers mainly to costs incurred by the units receiving the empty containers, which are reimbursed by the Institute and are used for the expansion, renovation and maintenance of collection centers and units, amounting to R\$ 49,192 (2016 - R\$ 42,858), and those for the construction of collection centers and units, amounting to R\$ 2,251 (2016 - R\$ 3,476).

(viii) Refers substantially to expenses incurred with freights for the transportation of empty containers rinsed for recycling, amounting to R\$ 18,493 (2016 - R\$ 18,494), and not rinsed for incineration, amounting to R\$ 1,825 (2016 - R\$ 1,636).

(viii) Refers to expenses with incineration of containers not rinsed amounting to R\$ 9,081 (2016 - R\$ 9,501).

23. FINANCE INCOME AND COSTS

	2017	2016
Revenue from financial investments	2,668	3,946
Other finance income	100	144
	2,768	4,090
Corporate Income tax on financial investment	(489)	(703)
COFINS on financial investment	(141)	(236)
Other finance costs	(186)	(80)
	(816)	(1,018)
	1,952	3,072

24. MANAGEMENT REMUNERATION

Management includes the president and seven officers. The remuneration paid or payable to key management personnel for their services is shown below:

	2017	2016
Salaries, vacation pay and 13 th month salary	(3,661)	(3,131)
Social charges	(1,275)	(1,086)
Other remuneration (*)	(1,941)	(1,768)
	(6,877)	(5,985)

(*) Other remuneration includes annual bonus, defined contribution private pension plan, health care and group life insurance.

25. COMMITMENTS

During 2017, the Institute entered into agreements with third parties for the maintenance and implementation of improvements in its business management units, which, despite being approved in the 2017 budget, will be performed in 2018. The commitments entered into with third parties at December 31, 2017 and 2016 are as follows:

	2017	2016
Infrastructure process (i)	(791)	(511)
Support process (ii)	(299)	(2,244)
Basic process (iii)	(3,180)	(1,645)
	(4,270)	(4,400)

(i) Relates to expected IT and administrative expenses, amounting to R\$ 337 and R\$ 454, respectively.

(ii) Mainly relates to projects for communication and projects regarding obsolescence amounting to R\$ 140.

(iii) Relates to improvements in the equipment of centers and incineration agreements, amounting to R\$ 2,450 and R\$ 541, respectively.

26. INSURANCE

The Institute is supported by insurance advisors to determine the coverage compatible with its size and operations. The insurance policies at December 31, 2017 indicated the following levels of coverage:

Local	Amounts covered
InpEV - office	
Fire damage to property and equipment	5,000
InpEV - 111 centers	
Civil liability	7,000

27. EVENT AFTER THE REPORTING PERIOD

Decrease in the contribution of associates in 2018

As agreed with associates and formalized via mailing about the budget - inpEV 2018, mailed in December 2017, the reduction of associate contributions is expected, totaling R\$ 15,000, referring to the revenue that the Campo Limpo System generated, to be individually distributed among the Institute's associates.

In addition to the reduction related to the revenue that the Campo Limpo System generated, the associates who are also stockholders of Campo Limpo S.A. will be subject to a higher reduction related to the dividends to be distributed by Campo Limpo S.A. and transferred to inpEV in 2018.

João Cesar Meneghel Rando
CEO - inpEV

Regina Marta de Santana Sousa
Contadora inpEV CRC 1SP177254/O-6

Credits

CREATION

InpEV

COORDINATION

Presidency and Sustainability (inpEV)

GRI TECHNICAL CONTENT

Visão Sustentável

EDITORSHIP AND DIAGRAMATION

Visão Sustentável

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